Budgeting and Financial Management

Manual 200

NOVA SCOTIA

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Chapter I: Introduction

1 Introduction

The corporate administrative policies and procedures of the Government of Nova Scotia, as approved by Treasury and Policy Board, are contained in four Management Manuals.

100 MANAGEMENT GUIDE
Documents the organizational structure of government and the delegation of responsibility to departments. This manual also outlines the Cabinet decision-making process and the planning, budgeting, and accountability framework.

200 BUDGETING AND FINANCIAL MANAGEMENT
Documents the budgeting and budgetary control processes as well as accounting policies and procedures applicable across government.

300 COMMON SERVICES
Documents common operational services provided within government for the benefit of other government entities.

500 HUMAN RESOURCES MANAGEMENT
Documents the human resources policies and procedures that apply to all employees, except where superseded by collective agreements.

These manuals are posted in PDF format on Treasury and Policy Board office's Internet site (http://www.gov.ns.ca/tpb/manuals). Hyper-links to the Management Manuals are also located on the government Internet and Intranet home pages. All departments, offices, Crown corporations and other government entities are encouraged to access the manuals electronically, as it provides improved functionality over the hard copy and is a cost-savings to government.

The web site has been designed to assist users in the easy retrieval of relevant information. Web site features include the Record of Revisions identifying recent changes to the manuals and the option of joining a listserv for automated notification of revisions. An online order form is available for those requiring a hard copy (a cost-recovery service).

The Management Manuals are living documents, with the ongoing updating, adding and deleting of policies and procedures. Treasury and Policy Board office is responsible for maintaining the currency of the information on the web site. Employees are to check the web site regularly to ensure they are using the current version of a policy/ procedure. The master version of each manual is retained at the Treasury and Policy Board office.

References

Management Manuals Policy, Management Guide
Q&As, Management Manuals web site

Enquiries

Executive Council Operations, Treasury and Policy Board
(902) 424-6614 or (902) 424-5463

Chapter 2: Budgeting

2 Budgeting

Under development.

Chapter 3: Budgetary Control

3.1 Forecasting and Reporting

Forecasting

Departments must be fully aware of their entire financial state and the implications of all transactions and decisions. It is imperative that expenses, recoverables, revenues, and any transactions or decisions that potentially affect the balance sheet be closely monitored.

Ensuring accurate and realistic forecasting by departments is critical at the budget manager, departmental, and government level in controlling the financial position of the province as the year unfolds. Debt-servicing costs are also key to the financial position and will be closely watched.

Monthly Reporting

The monthly financial reporting, which includes financial and other management information (i.e., selected human resource statistics), will continue. Departments are required to provide monthly forecasts of operating expenses, recoveries, revenues, capital spending, and funded staff (FTEs). The instructions for this procedure are noted on Schedule 3-A. The revised forecasts must be submitted as per Schedule 3-B.

Directors of Finance are to inform staff and departmental budget subject managers of these monthly financial reporting requirements.

Enquiries

Senior Corporate Financial Analyst
Treasury and Policy Board
(902) 424-8910

Director, Revenues and Fiscal Transfers
Department of Finance
(902) 424-4118

Appendix

Schedule 3-A Forecasting Procedures
Schedule 3-B Year-end Forecast and Variance Analysis Timetable

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***Approval date:** November 22, 2002*
***Approved by:** Senior Corporate Financial Analyst, TPB*

***Manual release date:** January 9, 2003*
***Most recent review:** June 16, 2004*

Schedule 3-A

Forecasting Procedures

The various planning versions in the CFMS system will be predefined as follows:

Version 0
is always the version actual costs are associated with; it is considered the current version because it represents the latest year-end forecast for the fiscal year, which is updated on a monthly basis.

Version 1
will be used for the Estimates Book presentation plus any additional appropriations which have been approved for the fiscal year in question.

Version 2
will be used as the "estimate" in the Estimates Book presentation as it represents the budget that has been approved by the Legislature for the fiscal year.

Version 3
will be used for the planning and development of the monthly year-end forecast.

Version 4 and 5
are available for the planning and development of various budget scenarios.

In preparing the monthly year-end forecast, it is recommended that departments do their detailed forecasting in Version 3 and copy the results to Version 0 when the forecast is complete. Forecasting in the same version each month will provide departments with a history of the changes made throughout the fiscal year. Also, the long text feature should be used to record notations on changes made to the individual cost elements.

When the revised forecast has been copied from Version 3 to 0, an e-mail message is to be forwarded to the appropriate financial analyst, Treasury and Policy Board, indicating that the monthly forecast process is complete. The e-mail message must include a detailed explanation of all variances.

FUNDED STAFF (FTEs)

All departments are required to provide a monthly forecast of their FTEs. In the e-mail message concerning the monthly forecast updates, please attach the FTE Monthly Report that has been provided for each of the departments and/or agencies. The report includes the original estimate of FTEs, the forecast for last month and the forecast for the current month, as well as information from the SAS system, which must be kept current. A brief explanation of the variances between the original estimate and the two forecasts should be included.

TANGIBLE CAPITAL ASSETS

Capital spending requirements forecasting will follow the same procedure used for forecasting expenses. In the e-mail message concerning the monthly forecast updates, please attach the TCA Monthly Report that has been provided for each of the departments and/or agencies. The report must include the details of capital spending forecasts for each asset class, with an explanation of all variances and the forecast updates for the amortization charges that are included in the monthly forecasts for expenses.

ORDINARY REVENUES

Revenue forecasting will follow the same procedure used for forecasting expenses. Departments should do their detailed revenue forecasting in Version 3 and copy the results to Version 0 when the forecast is complete. An e-mail message should be forwarded to the Director of Revenues and Fiscal Transfers, Department of Finance, indicating that the forecasting process is complete. The e-mail message must include a detailed explanation of all variances.

Updates to the revenue projections for the four fiscal years of the new Fiscal Plan should be maintained in Version 3 of the appropriate year. The projections for the future fiscal years must not be copied to Version 0.

MONTHLY ANALYSIS

Upon receipt of the e-mail messages, Treasury and Policy Board and/or Department of Finance staff will review the forecasts and the explanations of variances, contact departments if necessary, and prepare a summary report for Cabinet's review.

Schedule 3-B

Year-end Forecast and Variance Analysis Timetable

Note: Schedule 3-B will be released on an annual basis in early summer. Please refer to the on-line version of this manual for the current schedule. Shown here, as an example, is the Year-end Forecast and Variance Analysis Timetable for 2004–05.

	AP and GL Close for the Previous Month	Departments Complete Forecast and Report to Treasury and Policy Board	Treasury and Policy Board Reports to the Deputy Minister of Finance and TPB	Presentation to Treasury and Policy Board
July	8th	26th	30th	Aug 4th
August	9th	23rd	27th	Sept 1st
September	8th	27th	Oct 1st	Oct 6th
October	7th	25th	29th	Nov 3rd
November	5th	22nd	26th	Dec 1st
December	7th	Jan 3rd	Jan 7th	Jan 12th
January	10th	31st	Feb 4th	Feb 9th
February	7th	21st the "Final Forecast" will be taken from SAP and published in the 2005-2006 Budget Documentation	25th	Mar 2nd

3.2 Additional Appropriations or Special Warrants

Requests for Additional Appropriations

These should arise only when commitments or foreseeable expenses will exceed amounts appropriated by the Legislature for the specific service.

Divisions frequently request additional appropriations unnecessarily when it is anticipated that expenses will exceed allotments to a specific segment or division of a legislation appropriation. For example: if it is anticipated that expenses will exceed the approved budget in the Administration and Accounting Division of an appropriation, it should first be determined that no surpluses are available to be transferred from other divisions of the appropriation before a request for an additional appropriation is initiated.

> **NOTE:** Additional appropriations shall be made no later than 90 days after the tabling of the Public Accounts following the end of the fiscal year for which the appropriation that is supplemented was made. (Ref. Section 28(3) *Provincial Finance Act.*)

INITIATING REQUESTS

The minister responsible for the department or agency will initiate the request by means of a report to the Minister of Finance in the appropriate format as described in the Handling Procedures.

Handling Procedures

1 The requesting department will forward the request on the following forms, signed by the appropriate staff in the requesting department as indicated on the forms, to the Deputy Minister of Treasury and Policy Board:
   - Report by the Minister of (Department/ABC Name) to the Minister of Finance Pursuant to Section 28 of the *Provincial Finance Act* (Appendix 3-C)
   - Authority Changes and Transfers - Details (Appendix 3-E)

2 The request should include sufficient documentation to explain and justify the need for additional funds.

3 Each request will be reviewed by Treasury and Policy Board staff and forwarded to the Department of Finance for preparation of a Report and Recommendation to the Executive Council by the Minister of Finance.

NOTE: Originators of requests are not required, nor should they attempt, to prepare the Report and Recommendation to Executive Council required to be signed by the Minister of Finance. The preparation of this report is a function of staff at Treasury and Policy Board and the Department of Finance.

4 Upon approval by Executive Council, an Order-in-Council will ensue, authorizing the additional appropriation.

Requests for a Special Warrant

These should arise only when circumstances require expenses on an item or service for which no amount was appropriated by the Legislature. The *Provincial Finance Act* describes this type of spending as having to be "... urgently and immediately required for the public good ..."

NOTE: Special warrants cannot be made while the Legislature is in session. (Ref. Section 29 *Provincial Finance Act.* Chap. 242/R.S. 67.)

INITIATING REQUESTS

The minister responsible for the department or agency will initiate the request by means of a report to the Minister of Finance in the appropriate format as described in the Handling Procedures.

Handling Procedures

1 The requesting department will forward the request on the following forms, signed by the appropriate staff in the requesting department as indicated on the forms, to the Deputy Minister of Treasury and Policy Board:
   - Report by the Minister of (Department/ABC Name) to the Minister of Finance Pursuant to Section 29 of the *Provincial Finance Act* (Appendix 3-D)
   - Authority Changes and Transfers - Details (Appendix 3-E)

2 The request should include sufficient documentation to explain and justify the need for additional funds.

3 Each request will be reviewed by Treasury and Policy Board staff and forwarded to the Department of Finance for preparation of a Report and Recommendation to the Executive Council by the Minister of Finance.

NOTE: Originators of requests are not required, nor should they attempt, to prepare the Report and Recommendation to Executive Council required to be signed by the Minister of Finance. The preparation of this report is a function of staff at Treasury and Policy Board and the Department of Finance.

4 Upon approval by Executive Council, an Order-in-Council will ensue, authorizing the special warrant.

Appendices

Appendix 3-C Report by the Minister of (Department/ABC Name) to the Minister of Finance Pursuant to Section 28 of the *Provincial Finance Act*

Appendix 3-D Report by the Minister of (Department/ABC Name) to the Minister of Finance Pursuant to Section 29 of the *Provincial Finance Act*

Appendix 3-E Authority Changes and Transfers–Details

Enquiries

Senior Financial Analyst
Treasury and Policy Board
(902) 424-8910

Approval date:	***November 22, 2002***	***Manual release date:***	***January 9, 2003***
Approved by:	***Senior Corporate Financial Analyst, TPB***	***Most recent review:***	***July 5, 2004***

Appendix 3-C

Report by the Minister of (Department/ABC Name) to the Minister of Finance Pursuant to Section 28 of the *Provincial Finance Act*

The Minister of has the honour to report that:

1. The sum appropriated by the Legislature for the fiscal year April 1, 20___, to March 31, 20___, for *(service as noted in the Appropriations Act)* is $ *(amount appropriated)*.
   (Add the following if other additionals have been authorized in this fiscal year) in addition to the additional appropriations authorized by Order-in-Council # *(OIC Number)* in the amount of $ *(amount approved)* and by Order-in-Council # *(OIC Number)* in the amount of $ *(amount approved)*.
2. The said sum appropriated to be expended on Net Program Expenses is insufficient to meet the requirements of that service because *(briefly give reasons why additional appropriation is necessary and attach detailed information on a separate sheet)*.
3. A further sum of $ *(amount requested)* is required in the Net Program Expenses to carry out the said service for the fiscal year ending March 31, 20___.

Respectfully submitted,

Minister of ______________________

Halifax, Nova Scotia
(Date)

Approved by Treasury and Policy Board
on the ______ day of ________________, 20___.

____

Chairman of Treasury and Policy Board

Appendix 3-D

Report by the Minister of (Department/ABC Name) to the Minister of Finance Pursuant to Section 29 of the *Provincial Finance Act*

Subject: ______*(Name of Service)*__________.

Special Warrant for $ ___________ to cover

_______________________________ for the fiscal year 20___.

The Minister of   has the honour to report that:

1. S/he has been advised that *(briefly state reasons for request including amount of costs and fiscal year. Details should be attached on a separate sheet).*
2. No provision was made by the Legislature that would permit payment by the Province in the said fiscal year to *(name of service)* for the purpose of defraying the said costs of *(name of service)* for the 20___–___ fiscal year.
3. It is urgently and immediately required for the public good that an amount of $________ be paid by the Province to *(name of service)* for the purpose of defraying the said costs of *(name of service)* for the 20___–___ fiscal year.
   The undersigned therefore has the honour to recommend that the Governor in Council, pursuant to Section 29 of the *Provincial Finance Act*, Chapter 242 of the Revised Statutes, 1967, do order a Special Warrant to be prepared for the issue of $________ in respect of *(name of service)* to be expended for *(costs)* in respect thereof as the Governor in Council shall determine, and do further order that the said amount be charged to *(Capital or Current)* Account for the year ending March 31st, 20___.

Respectfully submitted,

Minister of ____________________

Halifax, Nova Scotia

(Date)

Approved by Treasury and Policy Board

on the ______ day of ________________, 20___.

____

Chairman of Treasury and Policy Board

Appendix 3-E

Province of Nova Scotia

Authority Change and Transfers – Details

1. **DEPARTMENT / PUBLIC SERVICE VOTE:**

2. **SUPPORTING:**
   - ( ) **ADDITIONAL APPROPRIATION**
   - ( ) **SPECIAL WARRANT**
   - ( ) **TRANSFER BETWEEN DIVISIONS**

3. **REASON FOR REQUEST:**

4. **ORIGINAL APPROPRIATION** $

5. **ADDITIONAL APPROPRIATION(S) TO DATE** $

6. **ADDITIONAL APPROPRIATION REQUIRED** $ ________

7. **TOTAL REQUESTED AUTHORITY** $ —
=========

8. **ACCOUNT DETAILS**

Account Description	Account Number			Amount Increase (Decrease)
	Business Area	Cost Centre	Cost Element	
			Net Total	---

APPROVALS

9. **Department:** Financial Officer ________________ **Date** ________

Deputy Minister ________________ **Date** ________

Minister ________________ **Date** ________

10. **Department of Finance**

Account Status Verified by Treasury and Policy Board ________________ **Date** ________

Chapter 4: Financial Authority and Responsibilities

4.1 Government Reporting Entity

Policy Statement

It is the policy of the Province of Nova Scotia to report its financial results annually to the House of Assembly on a consolidated basis for the government reporting entity (GRE).

Policy Objectives

This policy is based on generally accepted accounting principles (GAAP) for government as documented in the Public Sector Accounting Board (PSAB) Handbook. Following these rules increases the accountability of government.

Policy Application

This policy applies to all entities within the GRE.

Policy Directives

PSAB Section 1300, Financial Reporting Entity, governs the inclusion of entities in the GRE. It also establishes the rules for classification as government service organizations (GSOs) or government business enterprises (GBEs). (See Appendix 4-A.)

The GRE should be reassessed each year-end. As entities meet the GRE criteria and become material, they should be added to the GRE. If an entity is no longer material to the GRE, it may be excluded based on the guidelines below.

Each year, the GSOs and GBEs will be asked to supply financial and disclosure information for purposes of preparing the consolidated financial statements. The request will be submitted to chief executive officers and their directors of finance under a covering letter from the Minister of Finance or designate.

Policy Guidelines

Materiality is a judgment factor that is part of the decision process in following PSAB S.1300. As a guideline, an entity is considered material if its net assets exceed $5 million or if a material amount of the entity's revenue comes from sources outside the GRE. If an entity within the GRE is not considered material, it may be excluded from line-by-line consolidation. It is still considered and disclosed as part of the GRE.

Health and education are fundamental responsibilities of government. For purposes of consolidated reporting, the main entities providing these services will be included by line-by-line consolidation, regardless of materiality. This includes district health authorities and non-designated organizations reporting to Department of Health as well as school boards and colleges reporting to Department of Education.

Other entities within the GRE may receive a considerable amount of their funding from the province. An assessment of their revenues from outside sources and net surplus/deficit may be done in establishing the impact on the consolidated financial statements. If the impact of an entity is immaterial, specific consolidation may not be required. Its financial results are mostly or partially recorded in the expenses of the department that funds it.

Accountability

It is the responsibility of Government Accounting, under direction of the Controller, to ensure that this policy is followed consistently and accurately. The policy directives and guidelines should be updated as PSAB rulings are amended, added, or deleted.

Monitoring

The year-end audit will reveal any misapplication of this policy as it is PSAB Handbook-driven and is one of the bases of the opinion expressed in the Auditors' Report.

References

PSAB Handbook

Consolidation Surveys questioning accountability, control, and ownership from potential entities of the GRE

Legislation governing the establishment or operations of potential entities of the GRE

Consolidated financial statements of other provinces

Enquiries

Director, Government Accounting
Department of Finance
(902) 424-7021

Appendix

Appendix 4-A Government Reporting Entity

***Approval date:* July 5, 2001**

***Approved by:* Minister, Department of Finance**

***Manual release date:* January 9, 2003**

Most recent review:

Appendix 4-A

PSAB Handbook Section 1300 Financial Reporting Entity

GOVERNMENT REPORTING ENTITY (GRE)

1300.07 The government reporting entity should comprise the organizations that are *accountable* for the administration of their financial affairs and resources either to a minister of the government or directly to the legislature, or local government council, and are owned or controlled by the government.

Accountability

1300.08 Government organizations receive their operating authority from their incorporating or other enabling legislation. They are *accountable* either directly to the legislature or local government council, or indirectly to them through a minister or senior official, for management's overall actions, operations and administration of the organization's financial affairs and resources.

Ownership

1300.11 A government *owns* an organization when it has created or acquired the organization and, directly or indirectly, holds title to:

- a majority of the organization's shares carrying the right to appoint at least a majority of the members of the board of directors; or
- the organization's net assets such that the government has an ongoing right to access them.

Control

1300.14 A government *controls* an organization when, without requiring the consent of others or changing existing legislative provisions, it has the authority to determine the financial and operating policies of that organization. The authority of a government to determine the financial and operating policies of an organization allows it to establish the fundamental basis for the conduct of the organization's financial affairs, as well as the deployment of its resources.

GOVERNMENT SERVICE ORGANIZATION (GSO)

1299.19 Consolidation is the most appropriate method of accounting for organizations integral to the overall operations of government in directly performing its executive function. Such organizations include, for example, government departments, funds and government organizations that exist primarily to provide services to government.

1300.20 Government financial statements should consolidate the financial statements of organizations comprising the government reporting entity, except for government business enterprises.

GOVERNMENT BUSINESS ENTERPRISE (GBE)

1300.21 A government business enterprise is an organization that has all of the following characteristics:

1) it is a separate legal entity with the power to contract in its own name and that can sue and be sued;
2) it has been delegated the financial and operational authority to carry on a business;
3) it sells goods and services to individuals and organizations outside of the government reporting entity as its principal activity; and
4) it can, in the normal course of its operations, maintain its operations and meet its liabilities from revenues received from sources outside of the government reporting entity.

1300.28 Government business enterprises should be accounted for by the modified equity method.

4.2 Delegation of Financial Authority

Policy Statement

It is the policy of the Province of Nova Scotia that only those with financial signing authority may authorize expenditures. Financial authority may be delegated within the business units of the government.

Definitions

FINANCIAL SIGNING AUTHORITY

The authority to approve, by way of signature, expenditures on behalf of the Province of Nova Scotia.

Policy Objectives

The purpose of this policy is to ensure that the requirements for financial authority are communicated to those who are granting financial authority to others and to those individuals who need to assess if authority has been given.

Application

This policy applies to all government departments and public service votes.

Policy Directives

Financial authority for government departments and public service votes begins with the appropriation of spending limits through the budgetary process in the legislature, thus creating the ministerial budget authority. The ministerial authority delegates financial signing authority to the deputy ministers within the departments. Further delegation usually occurs from the deputy to the applicable directors who then authorize/approve budgeted expenditures within their areas of responsibility.

Directors may further delegate financial authority within the applicable business unit. The delegation of this financial authority must be by way of formal documentation, which is held on file within the department. Signing authorities should be reviewed periodically to ensure that they are still valid. As staff changes are made, the signing authorities should be updated.

From time to time, the ministerial authority may issue specific directives limiting the financial authority for specific expenditure accounts. This limitation of financial authority will be communicated by way of memorandum and will override the general financial authority to approve budgeted expenditures.

Signing authority can be granted for specific purposes such as purchase requisitions, payment of accounts, casual and overtime payroll, government services, and/or journal entries.

CLASSES OF SIGNING AUTHORITY

Regular
No longer than three years.

Temporary
Authorized for a short period only, such as during a term of temporary assignment.

Acting For
Used when a person is assigned the authority for someone who is absent from the position. (All account numbers do not have to be listed, as they are in the incumbent's file.)

Accountability

Government Accounting is responsible for policy development and enhancement. Departments are responsible for policy implementation and compliance. Departments should retain current and proper signing authority documentation on file and ensure verification of signing authorities as an audit/control prior to processing accounting transactions.

Monitoring

Government Accounting is responsible for the development of financial policy and will monitor the policy's implementation, performance, and effectiveness.

Enquiries

Director, Government Accounting
Department of Finance
(902) 424-7021

***Approval date:* July 5, 2001** ***Manual release date:* January 9, 2003**

Approved by:* Minister, Department of Finance** ***Most recent review:

Chapter 5: CFMS Financial System Overview

5.1 CFMS System Overview

Policy Statement

It is the policy of the Province of Nova Scotia to use the Corporate Financial Management System (CFMS)

- to record financial transactions
- to generate reports and reliable information meeting users' needs in support of key decision-making processes
- for interim financial reporting purposes of the government reporting entity

Definitions

CFMS

The Corporate Financial Management System was implemented on April 1, 1997 for all provincial departments and agencies (see Appendices 5-A, 5-B, and 5-C). CFMS is currently distributed to over 800 departmental users in more than 60 provincial locations with the following system modules/components:

Financial Accounting (FI) Module
General Ledger
Accounts Receivable
Accounts Payable
Asset Management
Funds Management

Material Management (MM) Module
Procurement
Inventory
Plant Maintenance

Controlling-Cost Centre Accounting (CO) Module
Standard Hierarchy
Cost Centres
Cost Elements
Orders
Activities

Modules not yet implemented
Project System
Workflow
Industry Solutions
Human Resources
Quality Management
Production Planning
Sales and Distribution

CIS

Corporate Information Systems is a division of the Department of Finance. It provides functional support, direction, and maintenance for CFMS and plans and coordinates the implementation of system improvements and expansions.

SAP

Systems Applications and Products for Data Processing

GENERAL LEDGER (GL)

The General Ledger is an orderly financial accounting structure that summarizes all transactions at the account number level. The GL enables government departments to compare their current financial actuals to historical data.

ACCOUNTS RECEIVABLE (AR)

The Accounts Receivable component of the SAP FI module is used to administer the outstanding accounts of customers of the Province of Nova Scotia. This module supports postings to customer accounts, open item management, invoice generation, reporting and analysis, and integration with accounts payable and the corporate general ledger.

ACCOUNTS PAYABLE (AP)

The Accounts Payable component is used to process payments for vendor invoices, cheque requisitions, travel expense reimbursements, etc., that are either purchase order—based or non-purchase order—based. Cheques are issued centrally and are settled by cheque issued in Canadian or US funds.

ASSET MANAGEMENT (AM)

Tangible capital assets are recorded in the Asset Management module. Transactions include purchases, disposals, write-downs, and assets under construction. Assets are recorded in the AM module according to appropriate asset classes and threshold amounts for each class, as outlined in the Tangible Capital Assets Policy.

INVENTORY MANAGEMENT

The Inventory Management module of the CFMS deals with the management of material stocks on a quantity and value basis. This module facilitates the planning, entry, and documentation of all goods movements as well as performing physical inventory counts. This module does not include inventory held for resale.

PROCUREMENT

The Procurement module is used to process the purchase of goods, services, and construction in accordance with government procurement policy. The Procurement module is integrated with all other materials management modules as well as most other modules. Procurement involves all transactions required to complete a purchase: the creation of a requisition, the tendering process, purchase order creation, and goods receipt. Outline agreements, standing offers, or long-term contracts are also part of procurement responsibility.

CONTROLLING

This module contains the records for the government standard hierarchy, cost centre reporting, and orders reporting. Departments are required to do detailed budgeting and reporting, by department, division, and program (budget subject) and to enter those values into Controlling. This module is a reporting tool to enable fiscal accountability and linkage of departmental business plans to the government's strategic direction by reporting actual results, budgeted amounts, and variances. It also uses orders to track costs for information purposes or for rebilling.

FUNDS MANAGEMENT (FM)

Features of this module include the fund centre hierarchy, funds reservation, availability controls, and a copy of the final approved budget for all accounts, including balance sheet items. Currently, the only balance sheet accounts budgeted in FM are tangible capital assets.

PLANT MAINTENANCE

The Plant Maintenance module allows for the structuring of plant systems into functional locations, pieces of equipment, and their assemblies. The system provides a means to stay up to date on all maintenance needs through the use of maintenance notifications. These notify the maintenance staff of all operational problems and form a permanent record of the problem. Both planned and actual costs of a maintenance order are constantly updated from budgeting through settlement. Cost information can be obtained through the order history. Complex regular maintenance tasks are set up in general maintenance task lists. The preventative maintenance aspect of the system ensures increased availability of plant systems by planning orders for periodic maintenance work.

Policy Objectives

The objectives of this policy are to

- provide an overview of the system components of CFMS with the goal of enhancing users' knowledge of CFMS and its applications
- familiarize users with practices and procedures established for CFMS system security, access, and system change requests.

Application

This policy applies to all users of the CFMS/SAP system.

Policy Directives

SECURITY ACCESS REQUEST FORMS

In order for a user to gain access to components of the CFMS system a security access form must be completed by the user, approved by the Director of Finance of the department or corporate services unit, and forwarded to the CIS Division, Department of Finance, for system activation/implementation. Security access request forms are located in Appendix 5-D and 5-E of this policy. CIS will notify the user when access has been activated.

SYSTEM CHANGE PROCEDURES

CFMS/SAP system changes may be initiated by system users, system stakeholders, or by CIS Division staff. Examples of system changes are

- changes to interface programs
- new system reports
- changes to configuration/IMG
- creation of a new interface

System change procedures are located in Appendix 5-F of this policy.

Accountability

Corporate Information Systems (CIS) is responsible for policy development with respect to CFMS system security access, system changes, upgrades, and enhancements. Appropriate input on impact to departments should be obtained from the Senior Financial Executive Forum (SFEF).

Departments are responsible for implementation of and compliance with policy.

Monitoring

Corporate Information Systems will ensure the policy's implementation and monitor its performance and effectiveness.

References

CFMS Training Manuals
CFMS Activity Subscripts

Enquiries

Director, Corporate Information Systems (CIS)
Department of Finance
(902) 424-2939

Appendices

Appendix 5-A	SAP R/3 Modules
Appendix 5-B	Logistics Module Integration
Appendix 5-C	Financial Module Integration
Appendix 5-D	CFMS Security Access Request Form
Appendix 5-E	Policy on Confidenitality and Financial Information
Appendix 5-F	Procedure for System Change Request for CFMS/SAP System

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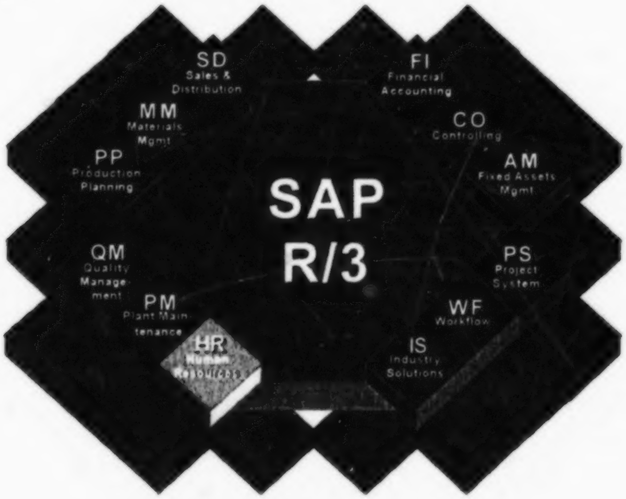
Approval date: ***July 5, 2001***
Approved by: ***Minister, Department of Finance***

Manual release date: ***January 9, 2003***
Most recent review:

Appendix 5-A

What are the SAP R/3 Modules?

SAP R/3 consists of different modules, each of which handles specific business processes and applications:


SD
Sales & Distribution
FI
Financial Accounting
MM
Materials Mgmt
CO
Controlling
PP
Production Planning
AM
Fixed Assets Mgmt
SAP R/3
QM
Quality Management
PS
Project System
PM
Plant Maintenance
WF
Workflow
HR
Human Resources
IS
Industry Solutions

Appendix 5-A

What are the SAP R/3 Modules?

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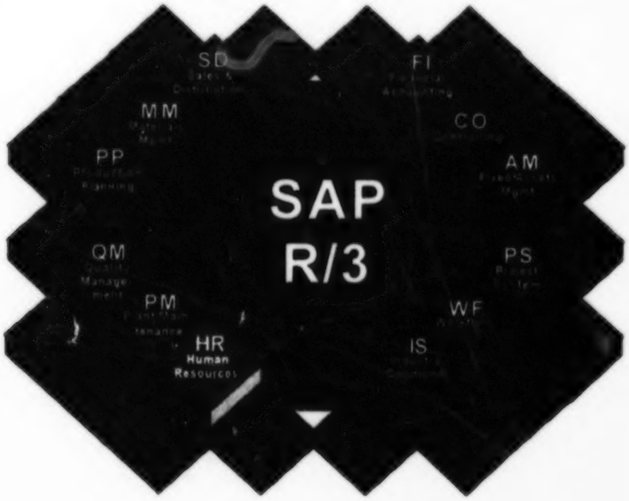
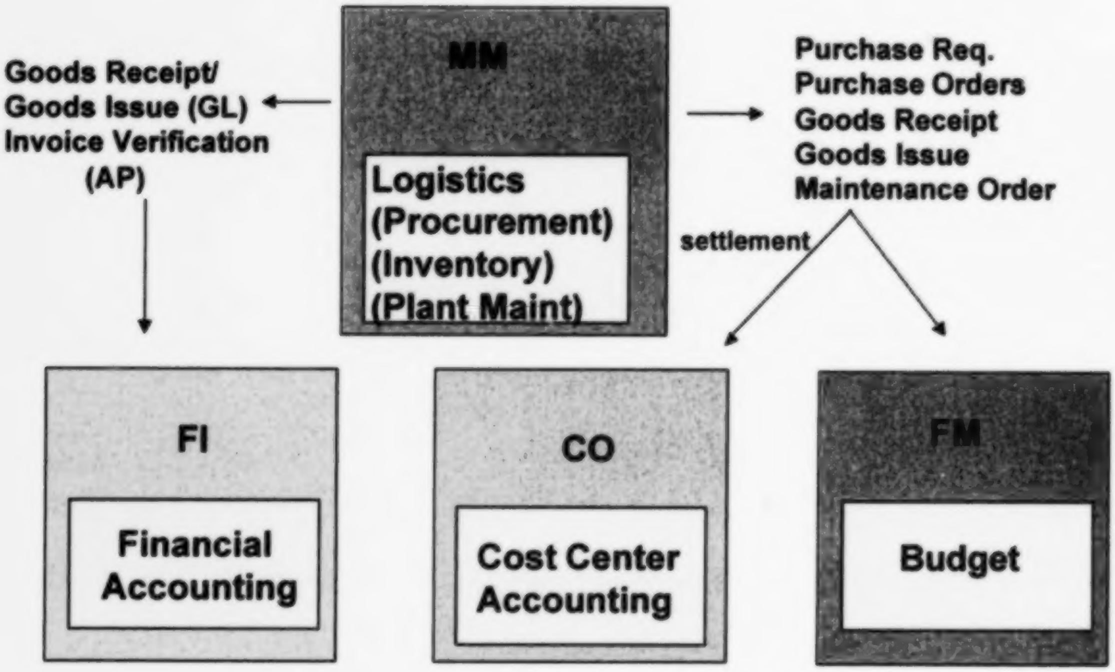

SAP
R/3
SD
Sales & Distribution
FI
Financial Accounting
MM
Material Mgmt
CO
Controlling
PP
Production Planning
AM
Fixed Assets Mgmt
QM
Quality Management
PS
Project System
PM
Plant Maintenance
WF
Workflow
HR
Human Resources
IS
Industry Solutions

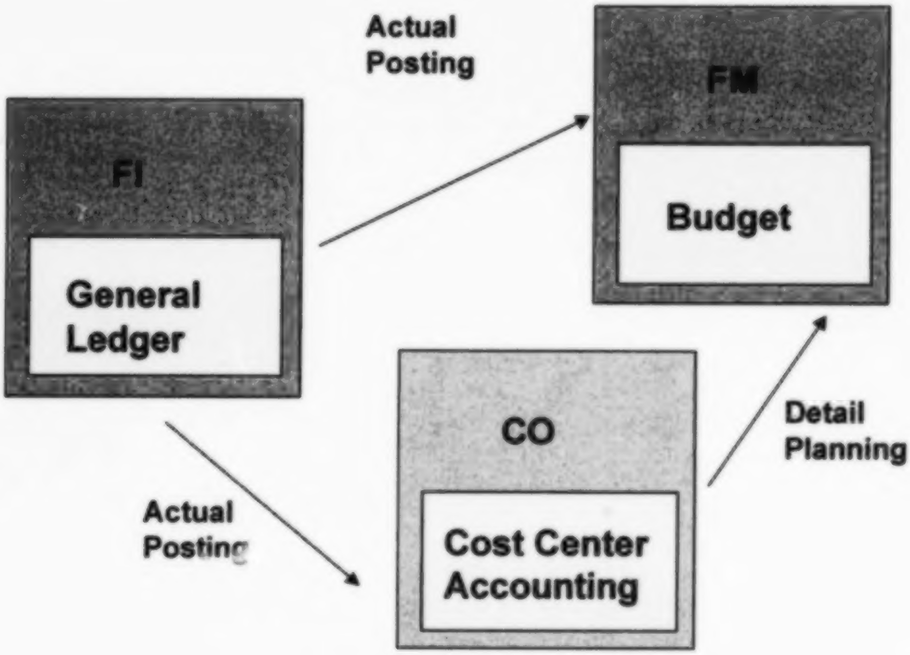
Appendix 5-B

Logistics Module Integration


MM
Logistics
(Procurement)
(Inventory)
(Plant Maint)
Goods Receipt/
Goods Issue (GL)
Invoice Verification
(AP)
Purchase Req.
Purchase Orders
Goods Receipt
Goods Issue
Maintenance Order
settlement
FI
Financial Accounting
CO
Cost Center Accounting
FM
Budget

Appendix 5-C

Financial Module Integration


Actual
Posting
FM
Budget
FI
General
Ledger
CO
Cost Center
Accounting
Detail
Planning
Actual
Posting

Appendix 5-D

Corporate Financial Management Systems Security Access Request Form

Part I

Before access will be granted to the SAP system, this form and the attached employee pledge of confidentiality, in their original format, must be returned to the Department of Finance, Corporate Information Systems 5th floor Provincial Building, attention CFMS Security. (See Part II for posting security details.)

For CSU financial security, i.e., access to information in more than one business area (department), please include details on Part II.

Employee Name	
Department	

Clearly mark an X in appropriate job category. For assistance or information, please contact Finance Corporate Information Systems at 424-4367, 424-7209 (SAP help desk).

Accounts Payable (FI)		***General Ledger (FI) / Orders (CO) - Budget, Forecast (FM)***			
Departmental A/P Staff Including Managers		Departmental Accounting Staff		Department of Finance Only—Accounting Services	
Department of Finance, Accounts Payable Section Only-including Manager		Departmental Accounting Manager/ Budget Officer		Department of Finance Only-Budget Division	
		Departmental Senior Management Inquiry			
Inventory Management (MM)		***Procurement (MM)***		***Accounts Receivable (FI)***	
MRP Controller		Departmental Purchasing Technician/ Coordinator		Departmental Accounts Receivable Analyst	
Stock Supervisor		Dept. of Transportation & Public Works Procurement Branch Only—Buyer		Departmental Accounts Receivable Manager	
Stock Clerk		Dept. of Transportation & Public Works Procurement Branch Only—Supervisor		***Cash Management (TR)***	
Inventory Clerk		Dept. of Transportation & Public Works Procurement Branch Only—Director		Department of Finance Treasury Services Only-GM Analyst	
Inventory Analyst		Dept. of Transportation & Public Works Procurement Branch Only—Clerk		Department of Finance Treasury Services Only-GM Manager	
Inventory Manager		Dept. of Transportation & Public Works Tenders Office Staff		Department of Finance Treasury Services Only-Finance Officer	
MRP Planner		Dept. of Transportation & Public Works Procurement Branch only-SAP CIS		Department of Finance Only-SAP CIS Staff	

Authorized Signatures (See Part II for details)

		Notes
Departmental/CSU Finance Director Signature	Date	

Appendix 5-D

Corporate Financial Management Systems Security Access Request Form

Part I

Before access will be granted to the SAP system, this form and the attached employee pledge of confidentiality, in their original format, must be returned to the Department of Finance, Corporate Information Systems 5th floor Provincial Building, attention CFMS Security. (See Part II for posting security details.)

For CSU financial security, i.e., access to information in more than one business area (department), please include details on Part II.

Employee Name	
Department	

Clearly mark an **X** in appropriate job category. For assistance or information, please contact Finance Corporate Information Systems at 424-4367, 424-7209 (SAP help desk).

Accounts Payable (FI)		***General Ledger (FI) / Orders (CO) - Budget, Forecast (FM)***			
Departmental A/P Staff Including Managers	☐	Departmental Accounting Staff	☐	Department of Finance Only—Accounting Services	☐
Department of Finance, Accounts Payable Section Only-Including Manager	☐	Departmental Accounting Manager/ Budget Officer	☐	Department of Finance Only-Budget Division	☐
		Departmental Senior Management Inquiry	☐		
Inventory Management (MM)		***Procurement (MM)***		***Accounts Receivable (FI)***	
MRP Controller	☐	Departmental Purchasing Technician/ Coordinator	☐	Departmental Accounts Receivable Analyst	☐
Stock Supervisor	☐	Dept. of Transportation & Public Works Procurement Branch Only—Buyer	☐	Departmental Accounts Receivable Manager	☐
Stock Clerk	☐	Dept. of Transportation & Public Works Procurement Branch Only—Supervisor	☐	***Cash Management (TR)***	
Inventory Clerk	☐	Dept. of Transportation & Public Works Procurement Branch Only—Director	☐	Department of Finance Treasury Services Only-CM Analsyst	☐
Inventory Analyst	☐	Dept. of Transportation & Public Works Procurement Branch Only—Clerk	☐	Department of Finance Treasury Services Only-CM Manager	☐
Inventory Manager	☐	Dept. of Transportation & Public Works Tenders Office Staff	☐	Department of Finance Treasury Services Only-Finance Officer	☐
MRP Planner	☐	Dept. of Transportation & Public Works Procurement Branch only-SAP CIS	☐	Department of Finance Only-SAP CIS Staff	☐

Authorized Signatures (See Part II for details)

		Notes
Departmental/CSU Finance Director Signature	Date	

Corporate Financial Management Systems System Access Request Form

Part II

Employee Name: ____________________________________

Default security for inquiry and posting equals all divisions and cost centres within business area. Indicate **P**osting or **I**nquiry security by entering **P** or **I** next to business area. Transactional access is based on the job roles selected on the front page. Cost Centre information prior to April 1997 is not available.

Business Area	P/I	Division	Cost Centre
			N/A

Appendix 5-E

Policy on Confidentiality and Financial Information

Department of Finance Corporate Information Systems

I, ________________________, do solemnly and sincerely swear that I will faithfully and honestly and to the best of my ability and knowledge fulfil the duties and responsibilities required and requested of me by reason of my employment in the public service of the Province of Nova Scotia and that I will not, without appropriate prior authority, disclose or make known to any person any matter that comes to my knowledge by reason of such employment.

______________________________	______________________________
Witness	Signature of Employee

Date: ________________________

Appendix 5-F

Procedure for System Change Request for CFMS/SAP System

Receive and Route Change Request

1. The request is received by a staff member of the CIS division, most often through the SAP Help Desk. Examples of requests for system changes could be
   - writing new system reports
   - changes to interface programs
   - changes to configuration/IMG
   - requests from auditors
   - changes to SAP standard delivered software
2. The request is routed to the appropriate person or workgroup through the Remedy System or by other means of communication.

Analyse Change Request

1. Staff member(s) review the request.
2. The request is assigned to a staff person or workgroup (technical, functional, basis administration, or security)
3. Support staff contacts the client to
   - obtain additional information and clarification
   - determine urgency and client deadline and to establish priority
4. The request is analysed; this may include:
   - a review of OSS research notes
   - an analysis of SAP functionality possibilities
   - a review system integration implications
5. Work effort is estimated.
6. Resource availability is determined.
7. The change request is reviewed with stakeholders or other interested parties:
   - approval is obtained from SFEF or the CFMS Steering Committee and stakeholders other than the requester, if necessary.

  - This may include the preparation of a business case, in consultation with the client, to support the change request.

8. If the request is approved, the work is scheduled.

Schedule the Work

1. Appropriate work is carried out to fulfil the request:
    - appropriate configuration changes made by functional person
    - ABAP programs written, tested, and promoted by technical staff
    - testing in development; possible new security profiles considered
    - transport documentation prepared
    - correction and transport into appropriate SAP for testing
    - testing carried out by appropriate functional and technical staff
    - actual scenarios considered/written and further integration testing completed
    - changes moved into production client
    - modifications of SAP-delivered ABAP coding
2. Correction/change is tested and implemented.

Chapter 6: Financial Reporting and Accounting Policies

6.1 General Ledger New Account Request

Policy Statement

Government Accounting centrally controls and maintains the SAP chart of accounts for all users of the province's CFMS/SAP system.

Definitions

STATISTICAL ORDERS

Statistical orders identify costs for information purposes only to track such things as costs for a project. These orders provide shadow reporting for costs posted to cost centres. Individual projects may be reported separately for information purposes while the total expenses for all projects are reported in the cost centre. These orders are not settled and cannot have overhead applied.

INTERNAL ORDERS

Internal orders are used to collect the costs of a job or project that will be settled to another cost centre, a general ledger account, or an asset. They are allocated regularly, or when the work is finished.

Policy Objective

The objective of this policy is to detail the controls established to minimize duplication and excessive volumes of accounts being created and to maintain consistency in general ledger (GL) structure, cost collection, and financial reporting.

Application

This policy applies to all users of the province's CFMS/SAP system.

Policy Directives

To prevent excessive volumes of accounts and duplication of work effort, this policy requires that requests for new general ledger accounts are supported with valid reasons for account creation.

Users should consider the following in advance of requesting a new account:

- Check for an account that already exists and could be used to code the transaction.

- Consider the frequency of transactions to be posted to the requested account , i.e., is this significant enough to justify cost collection at the general ledger account level.
- Consider if the cost can be collected by creating a statistical or internal order as opposed to a general ledger account.

General Ledger (GL) Account Structure

Assets	101000-199999 + Business Area
Liabilities	210000-299999 + Business Area
Revenues	300000-399999 + Business Area (Cost Centre)
Recoveries	500000-599999 + Business Area (Cost Centre)
Expenditures (Salaries)	610000-629999 + Business Area (Cost Centre)
Expenditures (Travel etc)	630000-859999 + Business Area (Cost Centre + Supplement Code)
Expenditures (Grants & Assistance)	860000-879999 + Business Area (Cost Centre + Supplement Code)
Expenditures (Debt Charge)	880000-889999 + Business Area (Cost Centre + Supplement Code)
Expenditures (L/C Division)	890100-899999 + Business Area (Cost Centre + Supplement Code)
Expenditures (Fees and Other)	900000-909999 + Business Area (Cost Centre)
Expenditures (L/C Departments)	950000-999999 + Business Area (Cost Centre)

Policy Guidelines

Requests for new GL Accounts or changes (description changes, blocking, or unblocking) to existing accounts should be forwarded by GL Request Form (Appendix 6-A) to the Director of Government Accounting.

Government Accounting will notify the department when the request has been completed or will work with the user to identify an alternative account to use.

Accountability

Government Accounting is responsible for the timely processing of GL Request Forms and for advising the users of alternative means of reporting where available. Users of CFMS/SAP for financial transactions are required to initiate and forward the requests as required.

Monitoring

Government Accounting will monitor the policy for implementation, performance, and effectiveness.

Enquiries

Director, Government Accounting
Department of Finance
(902) 424-7021

Appendices

Appendix 6-A Request for General Ledger Account
Appendix 6-B CFMS General Ledger System Chart

***Approval date:* July 5, 2001**
***Approved by:* Minister, Department of Finance**

***Manual release date:* January 9, 2003**
Most recent review:

Appendix 6-A

Request for General Ledger Account

Account number		Short text			
Long text					
Purpose of new account					
For Office Use Only					
Account currency		Balances in local currency		Exchange rate difference key	
Tax category		Posting without tax allowed		Recon. account for type	
Open item managed		Line item display		Sort key	
Field status group		Post automatically		Relevant ID (CIT)	
Commitment item		House bank (CIT)		Account ID (CIT)	
Cost element created					
Requester		Date			
Approval		Date			

Request for Secondary Cost Element

Secondary cost element number						
Name						
Description						
Reason for secondary cost element creation						
Purpose of new cost element						
Settlement		Activity allocation		Overhead/surcharges		
For Office Use Only						
Cost element category		Record quantity				
Units of measure						
Requester		Date				
Approval		Date				

Appendix 6-A

Request for General Ledger Account

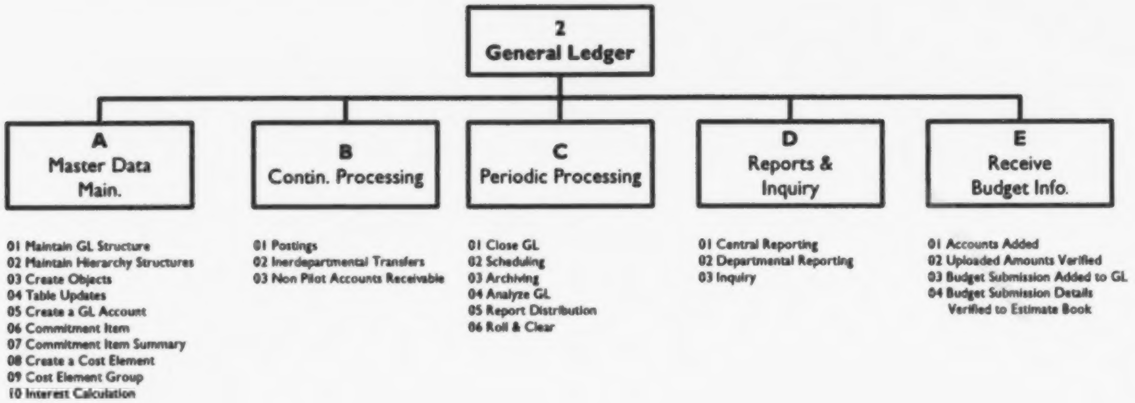
Account number		Short text			
Long text					
Purpose of new account					
For Office Use Only					
Account currency		Balances in local currency		Exchange rate difference key	
Tax category		Posting without tax allowed		Recon. account for type	
Open item managed		Line item display		Sort key	
Field status group		Post automatically		Relevant ID (CIT)	
Commitment item		House bank (CIT)		Account ID (CIT)	
Cost element created					
Requester		Date			
Approval		Date			

Request for Secondary Cost Element

Secondary cost element number					
Name					
Description					
Reason for secondary cost element creation					
Purpose of new cost element					
Settlement		Activity allocation		Overhead/surcharges	
For Office Use Only					
Cost element category		Record quantity			
Units of measure					
Requester		Date			
Approval		Date			

Appendix 6-B

CFMS General Ledger System Chart


2
General Ledger
A
Master Data Main.
B
Contin. Processing
C
Periodic Processing
D
Reports & Inquiry
E
Receive Budget Info.
01 Maintain GL Structure
02 Maintain Hierarchy Structures
03 Create Objects
04 Table Updates
05 Create a GL Account
06 Commitment Item
07 Commitment Item Summary
08 Create a Cost Element
09 Cost Element Group
10 Interest Calculation
01 Postings
02 Inerdepartmental Transfers
03 Non Pilot Accounts Receivable
01 Close GL
02 Scheduling
03 Archiving
04 Analyze GL
05 Report Distribution
06 Roll & Clear
01 Central Reporting
02 Departmental Reporting
03 Inquiry
01 Accounts Added
02 Uploaded Amounts Verified
03 Budget Submission Added to GL
04 Budget Submission Details Verified to Estimate Book

Purpose

To provide government departments/agencies with the means to record their financial transactions and to provide management reporting.

Description

The general ledger is an orderly financial accounting structure that summarizes all transactions at the account number level. The GL enables government departments to compare their current financial picture to both budgeted and historical data.

6.2 Month-End/Year-End Procedures

Policy Statement

It is government policy to ensure that procedures are in place to support timely and accurate reporting of financial position and expenses.

Policy Objectives

The objective of the policy is to establish and communicate a standard set of month-end/year-end procedures as a checklist to ensure that government financial records are well maintained in a consistent manner.

Policy Directives

PETTY CASH

- Ensure that there is authorized documentation for outstanding advances.
- Prepare an annual checklist for each division to verify that the recorded holder of petty cash and the recorded amounts are correct.

FLOATS

- Balance daily.
- Confirm annually.
- Ensure that there is authorized documentation for outstanding floats.

CASH IN TRANSIT (CIT)

- Treasury Services/Banking section should have a list for tracking incoming cash report.
- Reconcile and clear cash in transit accounts to zero monthly. It is important to ensure that the cash belongs to your business area before clearing it to revenues.
- Complete the Monthly CIT Reconciliation Summary and forward it to Treasury Services.

(SPECIAL ACCOUNTS) TRUST FUND BANK ACCOUNTS

Reconcile monthly.

ACCOUNTS RECEIVABLE

- Government Accounting should reconcile interdepartmental accounts receivable with interdepartmental accounts payable on a government-wide basis at least annually.

- Throughout the year departments should ensure that interdepartmental issues are resolved and adjustments made on a timely basis.

ACCOUNTS RECEIVABLE /COLLECTION ACTIVITY

- Departments should have a standard accounts receivable collection procedure, including such things as customer account statements and dunning letters (collection letters) where appropriate.
- Departments should review accounts receivable customer balances and record any bad debts or doubtful accounts (refer to Chapter 8.3 Bad Debt Write-off Procedures).

ACCOUNT PROCEDURE FOR RETURNED CHEQUES

- Returned cheque accounts should be reconciled on a monthly basis.
- Once departments become aware that cheques have been returned, departments should debit the account for the original amount and follow up with collection efforts.

ACCOUNTS PAYABLE

- Government Accounting should reconcile accounts payable control accounts to the general ledger prior to month end close.
- Departments should reconcile manually posted accrual and accounts payable general ledger accounts to supporting documentation on a timely basis. Accounts with high volumes should be reconciled monthly, more often to catch errors sooner. Other accounts may require only quarterly reconciliation.
- Foreign exchange gains and losses clearing accounts should be cleared monthly.
- Discount loss should be cleared each month.

General

- Accounts for underage or overage of cash should be monitored and reviewed.
- Underage or overage of cash should be balanced monthly.
- Outstanding Advance Reconciliation should be submitted to Government Accounting on a quarterly basis.
- Purchasing card clearing accounts should be cleared monthly.
- Gas card clearing accounts should be cleared monthly.
- Invoices and documents that are entered into SAP daily/weekly should be checked against cut-off dates.
- Departments should check monthly dates for accounts payable close, external journal close, general ledger close to ensure data is complete before running reports (e.g., 105 report).

- AP invoices are sometimes blocked for payment pending further information. A report of these blocked invoices should be run and reviewed monthly to ensure that blocking status is still required.
- Reports for monthly travel allowances should be checked against general ledger numbers and monthly travelers, making sure that they use the proper rate when processing claims.
- Parked document reports should be run monthly and verified.
- GR/IR and commitment reports should be run monthly and checked against purchase orders.

INTERNAL ORDERS

- Internal orders should be reviewed and settled prior to the month-end close.
- Upon completion of the project, the internal order must be closed in order to prevent additional charges being recorded against it.

RECOVERIES

- Reports for cost-recoverable programs should be prepared where applicable.
- Secondments journals should be processed and reviewed at least quarterly.
- Departments should ensure that rebills are completed monthly where possible.
- For special projects where amounts are to be rebilled departments should make sure that all time, travel, and expenses are recorded to be included in the rebill.

REVENUE AND EXPENSES

- Monthly reviews of actuals should be compared to prior year, forecast, and estimate. Variances exceeding 10 per cent over the prior year's actuals should be investigated. It may be more meaningful to compare actuals with the percentage total estimates based on the amount of fiscal year that has elapsed.

Accountability

Government Accounting is responsible for the development of the policy. Departmental finance management and staff are responsible for compliance and procedural implementation as well as for participating in ongoing revisions to meet operational needs.

Monitoring

Government Accounting will monitor the policy's implementation, performance, and effectiveness.

Enquiries

Director, Government Accounting
Department of Finance
(902) 424-7021

Approval date: July 5, 2001

Approved by: Minister, Department of Finance

Manual release date: January 9, 2003

Most recent review:

6.3 Data Dictionary

Policy Statement

The purpose of this policy is to provide SAP users with a reference document for accounts to be used for coding revenues and expenses.

Policy Objective

To display the chart of accounts created within the CFMS general ledger that are available for coding transactions.

Application

This policy applies to all users of the government's CFMS/SAP system.

Policy Directives

Users are encouraged to refer to the data dictionary (Chart of Accounts) and to consistently apply the chart of accounts for coding revenues and expenses. Transactions should be coded to match the nature of the expense incurred, regardless of the allocation of budgetary amounts.

Accountability

Government Accounting is responsible for the objectives of this policy. Departments are responsible for providing input on this policy to ensure that operational needs are met and for coding transactions in accordance with this data dictionary.

Monitoring

Government Accounting will monitor the policy's implementation, performance, and effectiveness.

References

CFMS Chart of Accounts
Chart of Accounts/Data Dictionary file on Intranet

Enquiries

Director, Government Accounting
Department of Finance
(902) 424-7021

Approval date: July 5, 2001	*Manual release date: January 9, 2003*
Approved by: Minister, Department of Finance	*Most recent review: March 31, 2001*

6.4 Reporting Losses or Irregularities to the Minister of Finance

Under development.

6.5 New Business Area

New Business Area

The purpose of this document is to

- create a checklist for the Corporate Information System Division to ensure that all configuration and authorization requirements are performed
- outline the processes in each module, that have to be completed before the old business area is revoked
- to assign responsibility to ensure that all accounting process (Financial Accounting and Procurement) are completed before old cost centres are blocked.

Authorizations

Changing authorizations within CFMS/SAP is a very tedious and time-consuming process. Individual user profiles have to be updated to accommodate each new business area. The old business area, cost centres, order types, etc., have to be deleted from the user profile. Then, new security objects and profiles have to be created and added to each user. This process must be completed for every job profile that exists for the user. For example, currently on the system there are 25 users in Department A and 53 users in Department B. If a new business area is created, 78 profiles would have to be changed; whereas, if an existing business area like Department B is used, only 25 profiles would have to be changed.

Financial Accounting Module

GENERAL LEDGER/ACCOUNTS PAYABLE

In the event that a new business area is created, the following accounts, which are set up under the vendor account and are assigned to a specific business area, have to be balanced and cleared before the authorization for a business area is revoked. After the business area authorization is revoked, the user will no longer be able to access the information for inquiry and reconciliation purposes.

The accounts that have to be reconciled are

- advances to vendors (down payments)
- vendor hold backs
- GR/IR (goods receipt/invoice receipt) account 149103
- discount lost (131104) account reconciliation

- cash in transit
- suspense accounts (used for acquisitions/gas credit cards)

Recurring Documents

Recurring documents must be created in the new business area, and the existing documents in the old business area must be marked for deletion.

ACCOUNTS RECEIVABLE

With regards to accounts receivable, two components may be affected. First, as a result of multiple customer masters, new customers may be required for the new business area. Secondly, as a result of revenue accounts being assigned to a specific business area, new accounts have to be created under the new business area. Reports have to be processed to document these revenue account transfers.

ASSET MANAGEMENT

- A new asset master record has to be created using the new business area.
- Each asset has to be transferred to the new asset master record.

Controlling Module

STANDARD HIERARCHY/COST CENTRES

New cost centre groups and cost centres must be created. Cost centres must be assigned to the appropriate fund centre in Funds Management.

Alternative hierarchies also have to be changed.

New Cost Centres

New cost centres have to be created no later than January of the current fiscal year, so that new purchases for the next fiscal year will commit in the correct cost centre. If these cost centres are not available, then the purchase orders/requisitions will not post.

Existing Cost Centres

Existing cost centres cannot be moved to a new business area. The business area field within the cost centre cannot be changed once a transaction has been posted to it.

ORDERS

There are two options for orders:

- Create new order types.
- Move old order types to the new business area and make modifications to the number range to accommodate the new business area.

The old orders have to be closed so that no transactions can be posted to them.

New orders have to be recreated using the new business area and cost centre.

ACTIVITY TYPES
The department has to create new activity allocation plans in the new cost centre.

Treasury Module

FUNDS MANAGEMENT

Fund Centres

New fund centres are required.

Fund

A new fund must be created for the new business area.

Cash Management

There is currently no effect. A suggestion has been made to add the business area to the bank cash-in transit download. If this takes place, the functional specialist will have to change the business area through configuration.

Logistics Module

PROCUREMENT

Currently on the system there are in excess of 50,000 vendors and 40,000 materials, which have to be assigned to the new purchasing organization and plants. This will take up a considerable amount of space on the system.

CREATING NEW PURCHASE ORDERS/REQUISITIONS

In March when creating purchase orders/requisitions you must ensure that the item(s) will be received by March 31. If you cannot guarantee that the item(s) will be received by March 31, then create purchase orders/requisitions for the new year using the new business area and cost centre. If the item(s) are not received by March 31 the purchase order has to be cancelled and recreated in the new fiscal year, as purchasing organizations and plants are hard-coded in the document.

CIS Division

- A new purchasing organization and a new plant have to be created for each new business area.
- All of the existing vendors have to be recreated for each new organization.
- The material master has to be recreated for each new plant.

Procurement Division

- Contracts, or standing offers, for government-wide-use have to have the new purchasing organizations added to them.
- Existing standing offers that are department specific have to be recreated if the department is assigned a new business area.

Departments

- Requisitions and/or purchase orders that are outstanding at year-end have to be recreated in the new business area. The account assignment cannot be changed in the outstanding purchase order/requisitions as the purchasing organization and plant are hard-coded to a purchase order/requisition and cannot be changed. This is a manual process and is extremely time consuming.

INVENTORY

There is currently no effect as Transportation and Public Works is the only department using this functionality.

If any inventory exists in an affected business area, the following have to be completed:

- Create new plants and stock locations.
- Extend materials to new plants.
- Transfer actual inventory to new plants and stock locations.

PLANT MAINTENANCE

There is currently no effect as Transportation and Public Works is the only department using this functionality.

If any plant maintenance exists in an affected business area, the following have to be completed:

- There are two options for orders:
  - Create new order types.
  - Move old order types to the new business area and make modifications to the number range to accommodate the new business area.
- The old orders have to be closed so that no transactions are posted to them.
- New orders have to be recreated using the new business area and cost centre.

CFMS/SAP Interfaces

Any change in business area requires the departments who are transmitting the files to CFMS/SAP to correct the established file details. Originating departments are responsible to ensure usage of the proper business areas and cost centres, etc. Our interfaces will simply edit the data for integrity and post it if it meets all of the system-defined criteria.

Current interfaces:

- Communications Nova Scotia
- Housing
- Registry of Motor Vehicles
- Business Registry
- Telecommunications
- Command Billing TSS
- payroll interfaces
- plant maintenance
- Community Services
- contract interfaces for Procurement Division

Note: Originating systems such as HRMS, etc., also have to be updated with the new business area changes.

Enquiries

Director, Government Accounting
Department of Finance
(902) 424-7021

Approval date: July 5, 2001
Approved by: Minister, Department of Finance

Manual release date: January 9, 2003
Most recent review:

Chapter 7: Cash Management

7 Cash Management

Under development.

Chapter 8: Accounts Receivable Management

8.1 Accounts Receivable

Policy Statement

This policy sets government-wide standards for accounts receivable management and creates a framework that can be used to establish procedures for individual departments.

Policy Objective

The goal of the policy is to establish a framework that will lead to procedures that are consistent across all government departments yet flexible in order to deal with a variety of situations in the most efficient and effective manner possible to improve the cash flow of the province. Billing and collection can generate or require a significant cash flow. Optimum cash management requires good accounts receivable management.

Application

This policy focuses on invoicing and collection of general accounts receivable or amounts owed to the province by internal and external customers.

Customer Master File Records

Customer master file records will be maintained by each department.

Nature of Accounts Receivable

Departmental accounts receivable balances vary by dollar value and volume, depending on the nature and fee structure of the department's billing processes.

Application of Payments

Cash receipts may include payment for numerous invoices and may be partial payments of a particular invoice. Some cash receipts are received in error. Payments will be applied to the particular invoice to which they relate, even if payment is not the same amount as the invoice total. This will leave disputed or unpaid invoices as outstanding on the customer's account.

Segregation of Duties

For internal control purposes, staff who are responsible for the management/ collection of AR must not handle or be responsible for the processing of receipts.

Refunds

Payments received in error or paid in excess of the invoice total will be refunded to the payer. No refund will be made if other invoices are outstanding on the customer's account, and attempts should be made to negotiate with the customer to apply any excess payment to outstanding invoices.

Collection Procedures

Every department, board, and agency of the province must establish collection procedures, taking into consideration the dollar amount of receivables outstanding. The effort and cost of collecting accounts receivable depend on the dollar value of the outstanding balance.

BILLING

Invoices will be prepared on a timely basis to permit recording of revenue/recoveries and generation cash flows.

STATEMENTS

Departments may send follow-up statements of outstanding amounts to customers.

PHONE CALLS

Departments may follow up on outstanding amounts by phone calls to customers.

DUNNING LETTERS (COLLECTION LETTERS)

Where the age and amount of an outstanding receivable account warrants it, departments may send collection letters to customers with increasingly urgent messages and details of outcomes if payment is not received.

USE OF PRIVATE COLLECTION AGENCIES

Using private collection agencies may be more cost-effective than collecting sums by provincial employees, depending on the type of accounts outstanding.

USE OF INTERNAL COLLECTION EXPERTISE

Service Nova Scotia and Municipal Relations is a specialist in collecting government accounts receivable and may be able to provide expertise and resources in the collection of overdue accounts. Departments should use this service where possible.

Accounting and Reporting Procedures

BALANCING OF ACCOUNTS RECEIVABLE

Accounts receivable sub-ledger systems or manual lists must be balanced to the GL accounts and errors corrected on a monthly basis.

AGING REPORTS OF ACCOUNTS RECEIVABLE

Accounts receivable aging reports, where available, must be produced and reviewed on a timely basis.

REPORT TO DEPUTY MINISTERS

Large past-due accounts must be reported, on a regular basis, to the Deputy Minister with recommendations for further collection steps.

RETURNED CHEQUE CHARGE TO BE ESTABLISHED

For each returned cheque, a department may charge the customer's account whichever fee is applicable at the time of the cheque return. (Refer to Chapter 8.2 Returned Cheques.)

ANNUAL REVIEW OF BALANCES

Each year, prior to year-end, all accounts receivable must be reviewed in preparation for the audit and to assess the adequacy of the allowance for doubtful accounts. Assessments must be done to determine the need to write off any accounts. (Refer to Chapter 8.3 Bad Debt Write-Off Procedures).

Discretionary Credit

All departments, boards, and agencies advancing discretionary credit must establish credit risk-assessment policies. Information to consider includes past credit history with other government departments, the nature of the business, the type and amount of credit, and the ability to repay. Credit-granting criteria should be reviewed on a regular basis, based on the volume and age of unpaid accounts.

Internal Accounts Receivable/Payable

At least annually, Government Accounting will compare interdepartmental accounts receivable/payable on a government-wide basis. Departments will be notified of any significant differences and will be asked to resolve the differences.

Enquiries

Director, Government Accounting
Department of Finance
(902) 424-7021

Approval date: July 5, 2001
Approved by: Minister, Department of Finance

Manual release date: January 9, 2003
Most recent review: March 26, 2001

8.2 Returned Cheques

Policy Statement

It is the policy of the Province of Nova Scotia to record returned cheques on a timely basis and to follow up with the payer for appropriate action.

Policy Objective

The purpose of this policy is to ensure that returned cheques are identified on a timely basis to permit appropriate follow up with the payer. Recording returned cheques also supports the bank reconciliation function.

The Government Accounting Division will monitor this account (143101) on a regular basis to ensure proper clearing and to advise departments of any discrepancies found.

Application

This policy applies to the province's bank account users who deposit cheques for credit to various accounts recorded in the province's CFMS/SAP system.

Policy Directive

When cheques are returned by the bank, the Treasury Services Section will debit the NSF Clearing Account (143101) using the business area code for the department that deposited the cheque.

Each government department is responsible for clearing this NSF clearing account on a monthly basis to the appropriate recovery, revenue, or receivable accounts.

Accountability

Treasury Services and departments are jointly responsible for the recording and clearing of returned cheques.

Enquiries

Treasury Services
Department of Finance
(902) 424-3636 or (902) 424-7635

***Approval date:* July 5, 2001**
***Approved by:* Minister, Department of Finance**

***Manual release date:* January 9, 2003**
***Most recent review:* March 27, 2001**

8.3 Bad Debt Write-off Procedures

Policy Statement

Departments are responsible for analysing their outstanding receivables and creating a provision for accounts deemed doubtful or uncollectible.

The amounts may be an exact amount or an estimate but must be supportable by analysis and documentation held on file at the department.

Authority

The source of authority for this policy is the *Provincial Finance Act*, Section 23(1). The act states that

> 23(1) Where a person has an obligation or debt due to the province or the province has a claim against a person, the Government in Council may direct the Minister, subject to any other Act affecting such obligation, debt, or claim, to negotiate and accept a settlement in payment and satisfaction of such obligation, debt, or claim, or to determine that any such obligation, debt, or claim is not collectable and to write off any loss incurred in any such settlement or determination and to charge it to the appropriation for the service in respect of which the loss was incurred, or to the Consolidated Fund, or to the appropriate reserve account.

The word "Minister" as used in section 23(1) of the act refers to the Minister of Finance.

Policy Objectives

This policy explains the procedures and forms associated with the recording of bad debt expenses. The objective is to ensure timely and accurate recording of expenditures in the period in which the debt can be reasonably determined as uncollectible. Bad debts are to be reviewed and recorded on a regular basis.

Application

This policy applies to all members of the province's budgetary process.

Accountability

Departments are responsible to ensure that bad debts expenses are recorded in their accounts properly and in a timely manner, compliant with this policy.

Procedure for Recording Bad Debt Expense

CALCULATE ALLOWANCE FOR DOUBTFUL ACCOUNTS

1. Review the aged accounts receivable listing for balances that are specifically identifiable as credit risks or uncollectible. These balances should become part of the allowance amount.
2. For the remaining balances, estimate any additional allowances required. This is a process of judgmental analysis to assign a collectibility factor, for example:
   - percentage reserve on balances older than a certain number of days, e.g., 20 per cent of balances over 120 days
   - percentage of outstanding balances of certain customer types who have been higher credit risks
   - percentage of outstanding balances of certain types of revenue that have been collection problems in the past
   - other methods relevant to the particular department's business cycle or customers.

DOCUMENTATION

3. Documentation held on file at the departments should support the balance of allowance for doubtful accounts. This documentation should include support as to the methods implemented by departments to collect the receivable and the reason(s) why it may be uncollectible, or, in the case of Step 2, above any supporting analysis and calculations as illustrated in Appendix 8-A.

ADJUST GENERAL LEDGER

4. Prepare a total of the designated allowance amounts and compare it with the general ledger allowance account balance. During the year, if the difference is small, no adjustment is required. The allowance general ledger account should be adjusted at year-end and be supported with sufficient documentation for audit purposes. Adjust allowance and bad debt expense accounts in the general ledger as illustrated in Appendix 8-B. Do not reverse or cancel any accounts receivable at this point.

WRITE-OFF OF ACCOUNTS RECEIVABLE

5. Review outstanding amounts in the allowance. Identify accounts that are truly uncollectible and should be written off. Prepare the Write-off of Uncollectible Debts form for the minister's approval and send it to the Department of Finance in accordance with the form shown in Appendix 8-C.

On this form you should indicate the method(s) taken to collect the receivable and the reason(s) why it is uncollectible. Also, it is useful to indicate the account receivable general ledger account number you would like reduced when the write-off(s) is approved.

Government Accounting is responsible for preparing a consolidated file of write-off data for submission to Executive Council for formal approval.

6. Only after approval is granted by Order-in-Council are departments to reduce accounts receivable ledgers for the write-off submitted. Since the Accounts Receivable and corresponding reserve are no longer required, each department will finally record their write-offs in the general ledger with a debit allowance and credit accounts receivable (see Appendix 8-B).

RECOVERY OF BAD DEBTS WRITTEN OFF

7. Payments received on accounts in the allowance should be recorded as normal payments in the accounts receivable sub-ledger. If the account is officially written off, the payment should be recorded to a bad debts recovered account. (See Appendix 8-B.)

Enquiries

Director, Government Accounting
Department of Finance
(902) 424-7021

Appendices

Appendix 8-A Documentation: Example of Allowance for Doubtful Accounts Calculation and GL Reconciliation

Appendix 8-B Journal Entries to Adjust Allowance for GL Balance

Appendix 8-C Write-off of Uncollectible Debts

***Approval date:** July 5, 2001*

***Approved by:** Minister, Department of Finance*

***Manual release date:** January 9, 2003*

Most recent review:

Appendix 8-A

Documentation

Example: Allowance for Doubtful Accounts Calculation and GL Reconciliation

Province of Nova Scotia
Allowance for Doubtful Accounts
Department of ______________________
September 30, 1999

Specific Accounts			
1) ACB Company	$ 100		
2) XYZ Incorporated	700		
3) Joe Joyce Metals Ltd.	45		
4) Payless Grinch Co.	1,201	$ 2,046	
% Reserve on Remaining A/Cs			
Over 120 days $8,102 x 5% =	$ 405		
Over 180 days $10,075 x 10% =	1,008		
Over 365 days $4,776 x 40% =	1,910	$ 3,323	
Total Reserve Required		$ 5,369	
Balance per Allowance GL a/c		$ 4,200	
Adjustment Required		$ 1,169	(increase in allowance needed)

This reconciliation helps calculate any required adjustment JV amount. If GL is approximately equal to calculated reserve, no adjustment is required until year-end.

Appendix 8-B

Journal Entries to Adjust Allowance for GL Balance

1. To increase allowance for GL balance: (JV prepared by department)

   Debit: Bad Debt Expense
   Credit: Allowance

2. To decrease allowance for GL balance: (JV prepared by department)

   Debit: Allowance
   Credit: Bad Debt Expense

3. To record approved write-offs: (JV prepared by department)

   When the OIC is issued, departments remove the approved write-offs from their accounts receivable sub-ledgers. Some AR systems, the SAP module for example, contain functions that write off the AR balances and update the AR and allowance for GL accounts. No further journal entries are required in this case. If the AR system being used does not interface and update to the SAP GL, the department should record the following journal entry for accounts written off:

   Debit: Allowance
   Credit: Accounts Receivable

4. When account is paid by customer after write-off: (JV prepared by department)

   Debit: Cash in Transit
   Credit: Prior Year Recoveries

GL Accounts

Most departments:

134106	Accounts Receivable
137100	Allowance for Doubtful Accounts
823100	Bad Debts Expense
535100	Prior Year Recoveries

Other allowance accounts are:

170164	Allowance for Doubtful Accounts - (4100) Agriculture
170184	Allowance for Doubtful Accounts - (8500) Fisheries Loan Board
170284	Allowance for Doubtful Accounts - (0200) Housing
170254	Allowance for Doubtful Accounts - (8700) EDT - BDC
170274	Allowance for Doubtful Accounts - (8700) CBLP
170224	Allowance for Doubtful Accounts - (8700) IDA
170234	Allowance for Doubtful Accounts - (8700) Venture
170232	Allowance for Doubtful Accounts - (8700) Advance

Appendix 8-C

Write-Off of Uncollectible Debts

Procedure

A request in writing, addressed to the Minister of Finance, is to be initiated by the department concerned. The request is to be either signed by the minister of that department or, if signed by another departmental official, accompanied by a covering letter signed by the minister of the department. The request must contain the following information:

- the name, address, amount, and relevant particulars of the debt
- the nature of the debt and the date incurred
- an outline of the measures taken to collect the debt
- reason(s) why the debt is deemed to be uncollectible
- a recommendation that the debt be written off under the provisions of Section 23(1) of the *Provincial Finance Act.*

ACCOUNTING FOR LOSS

The requesting department must include in their request the account classification of the appropriation to be charged with the loss or the appropriate reserve account.

RESTRICTION

If a debt is to be written off in the current fiscal year, the request must be received by the Department of Finance by no later than October 31 of that fiscal year.

Illustration: Write-off of Uncollectible Debts Form

PROVINCE OF NOVA SCOTIA
Write-off of Uncollectible Debts

TO: MINISTER OF FINANCE
PROVINCE OF NOVA SCOTIA

Date

Herewith, information as shown, pursuant to Policy Statement

1. NAME
   ADDRESS
   AMOUNT
2. DATE INCURRED
   NATURE OF ACCOUNT
3. MEASURES TAKEN TO COLLECT
4. REASONS THIS ACCOUNT IS DEEMED UNCOLLECTIBLE
5. I hereby request that the account as described above be written off under the provisions of Section 23(i) of the *Provincial Finance Act*.

ACCOUNTS OFFICER

DIRECTOR OR COMMISSIONER

MINISTER

8.4 Central Billing Services

Under development

8.5 Corporate Collection Policy

Rationale

As a result of amendments to the *Provincial Finance Act* and the *Public Service Act* there is legislative authority for a corporate policy for the collection of outstanding accounts receivable for designated programs by Service Nova Scotia and Municipal Relations (SNSMR). The development of a corporate collection policy supported by the legislative amendments will provide a consistent use of collection tools, procedures and standards to ensure accounts receivable are managed in an efficient, effective, timely and consistent manner resulting in improved recovery rates. A centralized professional collection unit is able to devote a more focused approach to recovery action.

Policy Statement

In order to maximize recoveries of outstanding accounts receivable owed to the Province, it is necessary to implement a new Corporate Collection Policy. The assignment of overdue accounts to SNSMR will provide departments and governmental units with an effective collection strategy. All government departments and governmental units must be held accountable for using all available tools to collect outstanding debts. With this policy and supporting legislation, departments and governmental units will have an opportunity to leverage the centralized collection services of SNSMR. The policy shall be administered under the following principles:

PERSONAL PRIVACY

The policy shall be applied in a manner which will be considerate and protective of the personal privacy of individuals in a manner consistent with the *Freedom of Information and Protection of Privacy Act* (FOIPOP).

COMPENSATION

SNSMR shall be compensated for its collection services at the following rates:

Accounts Collected Within:	0-90 days	10% of payment collected
	91-120 days	15% of payment collected
	121 + days	20% of payment collected

There will not be any charges if there is no money collected on behalf of the client department.

TRANSPARENCY
This policy shall be made readily available to the public.

Definition

GOVERNMENTAL UNITS
Those entities listed in the Schedule to the *Provincial Finance Act* and any additional entities designated pursuant to Section 80 of that act.

Policy Objectives

The objectives of this policy are:

- define procedures and rules for the designation of programs and assignment of accounts with a delinquency of ninety (90) days or greater to Service Nova Scotia and Municipal Relations (SNSMR) for collection purposes
- outline the procedural requirements for collection activity
- ensure the process is manageable within current budget allocations
- increase accountability of all departments and governmental units by transferring like activities in accounts receivable management and collection to a centralized and expert workforce
- maximize revenue recoveries for the Province of Nova Scotia

Application

This policy applies to all departments and governmental units. Clause 68 (la) of the *Public Service Act* has provided authority for this policy. Debts due to the Province under programs that have been designated by the Minister of Finance and that have accounts receivable that are in arrears for a period of ninety (90) days or more must be submitted to SNSMR for collection purposes.

Accountability

The Minister of Finance is accountable to maximize the recovery of outstanding debt to the Province. SNSMR, departments and governmental units are jointly responsible for the transferring and collecting of accounts.

The deputy ministers of government departments or heads of governmental units are responsible for ensuring conformity with this policy. This responsibility may be delegated to members of Senior Financial Executive Forum or other senior financial staff.

Monitoring

The implementation, performance, and effectiveness of the policy will be monitored by the Collection Unit of SNSMR who will do so on behalf of the Department of Finance and who will report back to the Minister of Finance.

Directives

- On a periodic basis, as required by SNSMR, all departments and governmental units must review their programs and complete a template (Appendix 8-D) that indicates the programs that have receivables that are ninety (90) days or more past due and indicate which of these programs they wish to designate for assignment to SNSMR and also provide reasons for not recommending the designation of a program.
- The template referred to above is to be sent to the Collection Unit of SNSMR who will in turn forward a recommendation to the Department of Finance for review and approval as appropriate. Following this review, the Minister of Finance will issue a letter to a department or governmental unit with a copy to SNSMR designating such programs as he deems necessary.
- For all designated programs, departments and governmental units must transfer debts due the Province to SNSMR when an outstanding accounts receivable becomes ninety (90) days past due or such other time period as the Minister of Finance sets.
- SNSMR Collection Unit will utilize all professional collection tools available for recovery of outstanding debt, with input from the Departments.

Guidelines

The professional collection practices and rules of conduct that are applied to private industry are to be followed by staff unless there is legislative authority that grants government specific privileges in the collection of debts (i.e., FOIPOP). (See Appendix 8-E).

If a debtor requires in depth information concerning the debt, or wishes to dispute the debt, interaction with the initiating department or governmental unit will take place.

- If legal action is required, it will be initiated in consultation with the initiating department or governmental unit, and at the expense of the initiating department or governmental unit.
- Reports will be provided monthly to the originating departments detailing recoveries.
- All debtors will be treated with respect, and be required to pay in accordance with their current financial ability.
- SNSMR professional collection team will be diligent and consistently demonstrate a businesslike and helpful attitude, always ensuring that no unreasonable demand is made to the debtor.

References

The following legislation is related directly to the Corporate Collection Policy:

Sections 19(1), (2) & (3) of the *Provincial Finance Act* (see Appendix 8-F)
Section 68(1a) of the Public Service Act (see Appendix 8-G)

The use and disclosure of personal information by departments and governmental units is subject to the *Freedom of Information and the Protection of Privacy Act*, in particular the following Sections should be noted in Appendix 8-E, Sections 20, 21, 24, 26, and 28.

Enquiries

SNSMR Collection Services Unit
(902) 424-6711

Appendices

Appendix 8-D	Program Profile for review of programs
Appendix 8-E	Sections 20, 21, 24, 26, 27 and 28 of the *FOIPOP Act*
Appendix 8-F	Sections 19(1), (2) and (3) of the *Provincial Finance Act*
Appendix 8-G	Section 68 (la) of the *Public Service Act*

Approval date: *December 15, 2005*
Approved by: *Executive Council*

Manual release date:
Most recent review:

Appendix 8-D

Corporate Collection Policy

Program Profile

Department: ________________________________

Program area: ________________________________

Program Owner: ____________________ Telephone No.____________

Description of Debt:________________________________

Total outstanding program receivables, dollar ($) amount ________

Total number (#) of outstanding debtors ____________________

Total dollars 90 (ninety) days or more __________________

Total number of accounts 90 (ninety) days or more ____________

Recommend Designation Yes________ No________

If seeking exemption from designation, please provide rationale.

Appendix 8-E

Freedom of Information and Protection of Privacy Act

CHAPTER 5

OF THE

ACTS OF 1993

Personal information

20 (1) The head of a public body shall refuse to disclose personal information to an applicant if the disclosure would be an unreasonable invasion of a third party's personal privacy.

(2) In determining pursuant to Subsection (1) or (3) whether a disclosure of personal information constitutes an unreasonable invasion of a third party's personal privacy, the head of a public body shall consider all the relevant circumstances, including whether

(a) the disclosure is desirable for the purpose of subjecting the activities of the Government of Nova Scotia or a public body to public scrutiny;

(b) the disclosure is likely to promote public health and safety or to promote the protection of the environment;

(c) the personal information is relevant to a fair determination of the applicant's rights;

(d) the disclosure will assist in researching the claims, disputes or grievances of aboriginal people;

(e) the third party will be exposed unfairly to financial or other harm;

(f) the personal information has been supplied in confidence;

(g) the personal information is likely to be inaccurate or unreliable; and

(h) the disclosure may unfairly damage the reputation of any person referred to in the record requested by the applicant.

(3) A disclosure of personal information is presumed to be an unreasonable invasion of a third party's personal privacy if

(a) the personal information relates to a medical, dental, psychiatric, psychological or other health-care history, diagnosis, condition, treatment or evaluation;

(b) the personal information was compiled and is identifiable as part of an investigation into a possible violation of law, except to the extent that disclosure is necessary to prosecute the violation or to continue the investigation;

(c) the personal information relates to eligibility for income assistance or social-service benefits or to the determination of benefit levels;

(d) the personal information relates to employment or educational history;

(e) the personal information was obtained on a tax return or gathered for the purpose of collecting a tax;

(f) the personal information describes the third party's finances, income, assets, liabilities, net worth, bank balances, financial history or activities, or creditworthiness;

(g) the personal information consists of personal recommendations or evaluations, character references or personnel evaluations;

(h) the personal information indicates the third party's racial or ethnic origin, sexual orientation or religious or political beliefs or associations; or

(i) the personal information consists of the third party's name together with the third party's address or telephone number and is to be used for mailing lists or solicitations by telephone or other means.

(4) A disclosure of personal information is not an unreasonable invasion of a third party's personal privacy if

(a) the third party has, in writing, consented to or requested the disclosure;

(b) there are compelling circumstances affecting anyone's health or safety;

(c) an enactment authorizes the disclosure;

(d) the disclosure is for a research or statistical purpose and is in accordance with Section 29 or 30;

(e) the information is about the third party's position, functions or remuneration as an officer, employee or member of a public body or as a member of a minister's staff;

(f) the disclosure reveals financial and other similar details of a contract to supply goods or services to a public body;

(g) the information is about expenses incurred by the third party while traveling at the expense of a public body;

(h) the disclosure reveals details of a licence, permit or other similar discretionary benefit granted to the third party by a public body, not including personal information supplied in support of the request for the benefit; or

(i) the disclosure reveals details of a discretionary benefit of a financial nature granted to the third party by a public body, not including personal information that is supplied in support of the request for the benefit or is referred to in Clause (c) of Subsection (3).

(5) On refusing, pursuant to this Section, to disclose personal information supplied in confidence about an applicant, the head of the public body shall give the applicant a summary of the information unless the summary cannot be prepared without disclosing the identity of a third party who supplied the personal information.

(6) The head of the public body may allow the third party to prepare the summary of personal information pursuant to Subsection (5). 1993, c. 5, s. 20.

Confidential information

21 (1) The head of a public body shall refuse to disclose to an applicant information

(a) that would reveal

(i) trade secrets of a third party, or

(ii) commercial, financial, labour relations, scientific or technical information of a third party;

(b) that is supplied, implicitly or explicitly, in confidence; and

(c) the disclosure of which could reasonably be expected to

(i) harm significantly the competitive position or interfere significantly with the negotiating position of the third party,

(ii) result in similar information no longer being supplied to the public body when it is in the public interest that similar information continue to be supplied,

(iii) result in undue financial loss or gain to any person or organization, or

(iv) reveal information supplied to, or the report of, an arbitrator, mediator, labour relations officer or other person or body appointed to resolve or inquire into a labour-relations dispute.

(2) The head of a public body shall refuse to disclose to an applicant information that was obtained on a tax return or gathered for the purpose of determining tax liability or collecting a tax.

(3) The head of a public body shall disclose to an applicant a report prepared in the course of routine inspections by an agency that is authorized to enforce compliance with an enactment.

(4) Subsections (1) and (2) do not apply if the third party consents to the disclosure. 1993, c.5, s.21

Treatment of personal information

24 (1) Personal information shall not be collected by or for a public body unless

(a) the collection of that information is expressly authorized by or pursuant to an enactment;

(b) that information is collected for the purpose of law enforcement; or

(c) that information relates directly to and is necessary for an operating program or activity of the public body.

(2) Where an individual's personal information will be used by a public body to make a decision that directly affects the individual, the public body shall make every reasonable effort to ensure that the information is accurate and complete.

(3) The head of the public body shall protect personal information by making reasonable security arrangements against such risks as unauthorized access, collection, use, disclosure or disposal.

(4) Where a public body uses an individual's personal information to make a decision that directly affects the individual, the public body shall retain that information for at least one year after using it so that the individual has a reasonable opportunity to obtain access to it. 1993, c.5, s.24.

Use of personal information

26 A public body may use personal information only

(a) for the purpose for which that information was obtained or compiled, or for a use compatible with that purpose;

(b) if the individual the information is about has identified the information and has consented, in the prescribed manner, to the use; or

(c) for a purpose for which that information may be disclosed to that public body pursuant to Sections 27 to 30. 1993, c. 5, s. 26.

Disclosure of personal information

27 A public body may disclose personal information only

- (a) in accordance with this Act or as provided pursuant to any other enactment;
- (b) if the individual the information is about has identified the information and consented in writing to its disclosure;
- (c) for the purpose for which it was obtained or compiled, or a use compatible with that purpose;
- (d) for the purpose of complying with an enactment or with a treaty, arrangement or agreement made pursuant to an enactment;
- (e) for the purpose of complying with a subpoena, warrant, summons or order issued or made by a court, person or body with jurisdiction to compel the production of information;
- (f) to an officer or employee of a public body or to a minister, if the information is necessary for the performance of the duties of, or for the protection of the health or safety of, the officer, employee or minister;
- (g) to a public body to meet the necessary requirements of government operation;
- (h) for the purpose of
  - (i) collecting a debt or fine owing by an individual to Her Majesty in right of the Province or to a public body, or
  - (ii) making a payment owing by Her Majesty in right of the Province or by a public body to an individual;
- (i) to the Auditor General or any other prescribed person or body for audit purposes;
- (j) to a member of the House of Assembly who has been requested by the individual, whom the information is about, to assist in resolving a problem;
- (k) to a representative of the bargaining agent who has been authorized in writing by the employee, whom the information is about, to make an inquiry;
- (l) to the Public Archives of Nova Scotia, or the archives of a public body, for archival purposes;
- (m) to a public body or a law-enforcement agency in Canada to assist in an investigation
  - (i) undertaken with a view to a law-enforcement proceeding, or
  - (ii) from which a law-enforcement proceeding is likely to result;

(n) if the public body is a law-enforcement agency and the information is disclosed

  (i) to another law-enforcement agency in Canada, or

  (ii) to a law-enforcement agency in a foreign country under an arrangement, written agreement, treaty or legislative authority;

(o) if the head of the public body determines that compelling circumstances exist that affect anyone's health or safety;

(p) so that the next of kin or a friend of an injured, ill or deceased individual may be contacted; or

(q) in accordance with Section 29 or 30. 1993, c.5, s.27.

Use compatible for purpose information obtained

28 A use of personal information is a use compatible with the purpose for which the information was obtained within the meaning of Section 26 or 27 if the use

(a) has a reasonable and direct connection to that purpose; and

(b) is necessary for performing the statutory duties of, or for operating a legally authorized program of, the public body that uses the information or to which the information is disclosed. 1993, c.5, s.28.

Appendix 8-F

Provincial Finance Act

CHAPTER 365

OF THE

REVISED STATUTES, 1989

19 (1) Where no provision is made in an enactment or agreement respecting the payment of interest on a debt due to the Province, interest shall be payable at the rate of interest per year declared by the Royal Bank of Canada as its prime rate for Canadian dollar commercial loans in Canada plus three per cent, compounded monthly.

(2) The interest rate referred to in subsection (1) shall be determined quarterly on the first day of January, the first day of April, the first day of July and the first day of October of each year.

(3) Notwithstanding subsection (1), the Minister may, by order, waive the payment of interest or prescribe a lower rate of interest than that referred to in subsection (1).

Appendix 8-G

Public Service Act
CHAPTER 376
OF THE
REVISED STATUTES, 1989

Powers of Minister

68 The Minister of Service Nova Scotia and Municipal Relations has, unless specifically assigned to another member of the Executive Council, the supervision, direction and control of all affairs and matters relating to . . .

(la) the collection of debts for departments and governmental units under programs designated by the Minister of Finance;

Chapter 9: Government Credit Cards

9.1 Government Credit Cards

Under development

9.2 Credit Card Fees

Under development

Chapter 10: Advances and Prepaid Expenses

10.1 Advances

Policy Statement

The Province of Nova Scotia records its assets in accordance with pronouncements of the Canadian Institute of Chartered Accountants (CICA) and/or the Public Sector Accounting Board (PSAB).

Definitions

ASSET

An asset of the province is an item that has future benefit that can be controlled by the province and that is derived from past transactions.

ADVANCE

An advance is defined as an asset. Advances are typically money advanced to employees for government expenditures e.g., travel, petty cash, cash floats, operating, education, or moving advances. All advances need to be accounted for so that the expenditures are recorded within the current period and any monies due to/from the employees can be paid or recovered. This will ensure that the amount to be recognized as an expense is recorded in the same time period as it was incurred.

Policy Objectives

This policy explains the types of advances and procedures for processing travel, petty cash, cash float, operating, education, and moving advances. The objective is to record expenses in the period in which the goods are received or services consumed and to create consistent application of the policy.

Application

This policy applies to all members of the government reporting entity.

Policy Directives

The procedures for recording advances are identified by advance type:

- travel
- petty cash
- cash float
- operating

- educational
- moving

TRAVEL ADVANCE GL ACCOUNT 145120 SPECIAL GL INDICATOR T

Purpose

Travel advances are provided to employees to cover expenses while travelling on government business. The amount provided will be determined by the employer and will be based on a reasonable estimate of the total anticipated reimbursable expenses. An advance should be issued only if the employee does not hold a corporate travel card. If an employee travels frequently, advances should not be requested, but a corporate travel card should be obtained for use by the employee while on travel status.

Establishing

If a travel advance is required, a request may be established by entry of a down payment request through the accounts payable document entry down payment request function of CFMS.

Repayment

An employee who has received a temporary travel advance must render an account for all expenses claimed and refund any unused balance not later than:

- 10 working days after completion of the trip for which the advance was made, or
- 45 days from the date the travel advance was made.

(See Advance Repayment/Reduction Procedures.)

PETTY CASH ADVANCE GL ACCOUNT 102000 SPECIAL GL INDICATOR I

Purpose

Petty cash advances are provided to an employee assigned as a custodian of the fund to make reimbursements for approved office expenses of a low dollar value. These expenditures should not exceed $50.00 in value, provided such transactions comply with the regulations of the Procument Branch, Department of Transportation and Public Works. The petty cash advance should not exceed anticipated six weeks' expenditures.

The following restrictions should be observed:

- A fund can be used only for government expenses .
- A fund must not be used to settle expenditures previously committed as credit transactions.

- Salaries are not to paid out of petty cash under any circumstances.
- Travel expenses, with the exception of reimbursing employees for taxi fare, are not to be paid out of petty cash.

Establishing

If a petty cash fund is required, a request may be established by entry of a down payment request. (See Appendix 10-A: Advance Requests Procedures.)

Operating

- Petty cash funds and receipts should be kept by the custodian in a secure location.
- The sum of the total receipts of expenditures and the cash on hand must be equivalent to the approved fund level.
- A statement of petty cash expenditures should be completed at each month-end and submitted for reimbursement.

Repayment

See Advance Repayment/Reduction Procedures.

Custodian Change

Any changes in the employee responsible for a petty cash advance must be reflected in the accounting system. Before this change is made, the department should obtain a signed statement from the new custodian confirming that she/he has received the proper amount of funds (accumulation of cash and vouchers) equal to the original advance amount. This document should be maintained for audit purposes, and then you may proceed to make the necessary changes in SAP. (See Appendix 10-B: Advance Adjustments to Change Custodian or Advance Type.)

CASH FLOAT ADVANCE GL ACCOUNT 101000 SPECIAL GL INDICATOR C

Purpose

Cash floats are provided to employees whose duties include receiving cash and making change for these transactions. The following restrictions should be observed:

- The float can be used only to make change for government transactions.
- The float must not be used for office expenditures.

Establishing

If a cash float is required, a request may be established by entry of a down payment request (See Appendix 10-A: Advance Requests Procedures.)

Repayment

See Advance Repayment/Reduction Procedures.

Custodian Change

Any changes in the employee responsible for a cash float advance must be reflected in the accounting system. Before this change is made, the department should obtain a signed statement from the new custodian confirming that she/he has received the proper amount of funds (accumulation of cash and vouchers) equal to the original advance amount. This document should be maintained for audit purposes, and then you may proceed to make the necessary changes in SAP. (See Appendix 10-B: Advance Adjustments to Change Custodian or Advance Type.)

OPERATING ADVANCE GL ACCOUNT 145110 SPECIAL GL INDICATOR O

Purpose

Operating advances are provided to departments for payment of transactions that must be processed outside the CFMS. All regulations and policies regarding government spending will apply to expenditures from any operating advance.

Establishing

If an operating advance is required, a request may be established by entry of a down payment request. (See Appendix 10-A: Advance Requests Procedures.)

Operating

- Operating funds and receipts should be kept by the custodian in a secure location.
- The sum of the total receipts of expenditures and cash on hand must be equivalent to the approved fund level.
- A statement of operating expenditures should be completed at each month-end and submitted for reimbursement.

Repayment

See Advance Repayment/Reduction Procedures.

Custodian Change

Any changes in the employee responsible for an operating advance must be reflected in the accounting system. Before this change is made, the department should obtain a signed statement from the new custodian confirming that she/he has received the proper amount of funds (accumulation of cash and vouchers) equal to the original advance amount. This document should be maintained for audit purposes, and then you may proceed to make the necessary changes in SAP. (See Appendix 10-B: Advance Adjustments to Change Custodian or Advance Type.)

EDUCATIONAL ADVANCE GL ACCOUNT 145140 SPECIAL GL INDICATOR A

Purpose

Educational advances are provided to employees to assist with costs associated with an educational program. The amount provided will be determined by each department.

Establishing

If an educational advance is required, a request may be established by entry of a down payment request. (See Appendix 10-A: Advance Requests Procedures.)

Repayment

See Advance Repayment/Reduction Procedures.

MOVING ADVANCE GL ACCOUNT 145190 SPECIAL GL INDICATOR M

Purpose

Moving advances are provided to employees to assist with expenses associated with a move from one residence to another upon transfer. The amount provided will be determined by the employer and will be based on an approved estimate of the total anticipated costs of the move. (See *Manual 500,* Policy 7.3: Moving and Relocation Policy.)

Establishing

If a moving advance is required, a request may be established by entry of a down payment request. (See Appendix 10-A: Advance Requests Procedures.)

Repayment

An employee who has received a moving advance must render an account for all expenses claimed and refund any unused balance not later than 30 working days after completion of the move for which the advance was made. (See Advance Repayment/Reduction Procedures.)

Advance Repayment/Reduction Procedures

Advances may be repaid/reduced in three ways:

THROUGH ACCOUNTS PAYABLE

1) Deducted from a claim being processed for payment through accounts payable
   a) Post the claim for the full amount of expenses.
   b) Clear the advance using screen F-54, Clear Vendor Down Payment.

NOTE: Complete both these postings together, and if a payment method supplementary code *(pmt meth supp)* has been used on the claim posting, ensure that the clearing posting also has the same code or a cheque will be issued in the wrong amount, i.e., the advance will not be deducted from the claim.

BY JOURNAL ENTRY

2) Repaid by cash/cheque and recorded on a journal entry.
3) Charged off against an expense account by journal entry.

In order to record repayment/reduction of advances in 2 and 3 above, a posting account called advance clearing (GL account 145180) has been established.

   a) Post the entry using account 145180 to record the advance amount repaid/reduced.
   b) Through accounts payable clear the advance using screen F-54, Clear Vendor Down Payment (same amount as (a) above).
   c) Prepare a document using account 145180 for the same amount as in (a) above.
   d) Post through accounts payable document in (c) above.

NOTE: Both (b) and (d) postings should be completed together as in 1 above. These posting will clear the advance for the amount required, and no cheque will be issued to the vendor. Departments should verify on a regular basis that account 145180 is nil, ensuring that all necessary entries have been made.

Reconciliations/Reporting (All Advance Types)

Monthly reconciliations should be conducted to verify the accuracy of the details in the vendor records and should be balanced to the total reported in the GL. Departments should verify on a regular basis that advance details are accurate. You may obtain a report using the ***Information Systems Menu Path:***

> Information Systems > Accounting > Financial Accounting > Accounts Payable > Open Items.

This will take you to Screen #1, called **List ofVendor Open Items**. Enter the following for this screen:

1. Vendor account: 10000000 to 69999999
2. Company code: NSPG

Next select ***Dynamic Selections***. This will take you to Screen #2 with other options. From this screen enter the data in the following fields:

1. Special GL ind. Select one you require *
2. Business area Your business area number (i.e., 6100, etc.)

Save the information on Screen #2 and return to Screen #1 and execute your report. From this report you can verify that the employee and the amount stated are correct. The total of report should also be verified to the total of the GL account. If there are any discrepancies, please contact Accounts Payable, Department of Finance, so the necessary adjustments can be made.

NOTE: Quarterly reports must be submitted to the Department of Finance on the memorandum form. (See Appendix 10-C: Quarterly Advance Reconcilation Confirmation.)

Quarterly reports must be filed with the Department of Finance, Government Accounting Division ***as of June 30, September 30, December 31, and March 31***, by the 20th day of the month following, confirming the balance and accuracy of employees stated as holding an advance. (See Appendix 10-C: Quarterly Advance Reconciliation Confirmation.)

On March 31 each year the Department of Finance may obtain a certificate from each advance holder confirming the continuing existence of, and responsibility for, the amount of the advance.

SHORTAGES (ALL ADVANCE TYPES)

Any shortages should be reported immediately by way of memorandum from the department's chief financial officer (CFO) to the Government Accounting Division, Department of Finance. If funds are required to bring the advance back to the approved level, do not request these through advance request. These funds should be charged against a receivable account and written off if never recovered.

NOTE: Department of Finance reserves the right to recall advances at any time.

Policy Guidelines

Materiality should be a consideration when assessing this policy. An advance should be cleared to an expenditure account provided the expenditure amounts are known at the month-end/year-end cut-off point. Accruals should be recorded in situations where carrying the advance on the balance sheet would result in material misstatement of the period's expenses and assets.

Accountability

DEPARTMENTS' RESPONSIBILITIES

- setting up advance requests
- verifying that cheques have been issued correctly
- recovering advances
- making changes to custodians when necessary
- reconciling GL account 145180 (Repayment of Advances)
- reconciling advances
- reporting to Finance on advance status (quarterly)

FINANCE (GOVERNMENT ACCOUNTING SERVICES) RESPONSIBILITIES

- issuing advance cheques
- assisting departments with any queries
- monitoring advances
- monitoring GL account 145180 (Repayment of Advances)
- monitoring travel advances issued to credit card holders (list)
- issuing 45-day overdue letters for travel advances not repaid
- issuing annual confirmation letters

Monitoring

Government Accounting, Department of Finance will monitor the policy's implementation.

Enquiries

Accounts Payable Processing, Government Accounting
Department of Finance
(902) 424-6626

Appendices

Appendix 10-A Advance Requests (Down Payments): Procedures to Set up an Advance

Appendix 10-B Advance Adjustments to Change Custodian or Advance Type

Appendix 10-C Quarterly Advance Reconciliation Confirmation

Approval date:* *July 5, 2001

Approved by:* *Minister, Department of Finance

Manual release date:* *January 9, 2003

Most recent review:

Appendix 10-A

Advance Requests (Down Payments): Procedures to Set up an Advance

Note: Advances can be issued only for

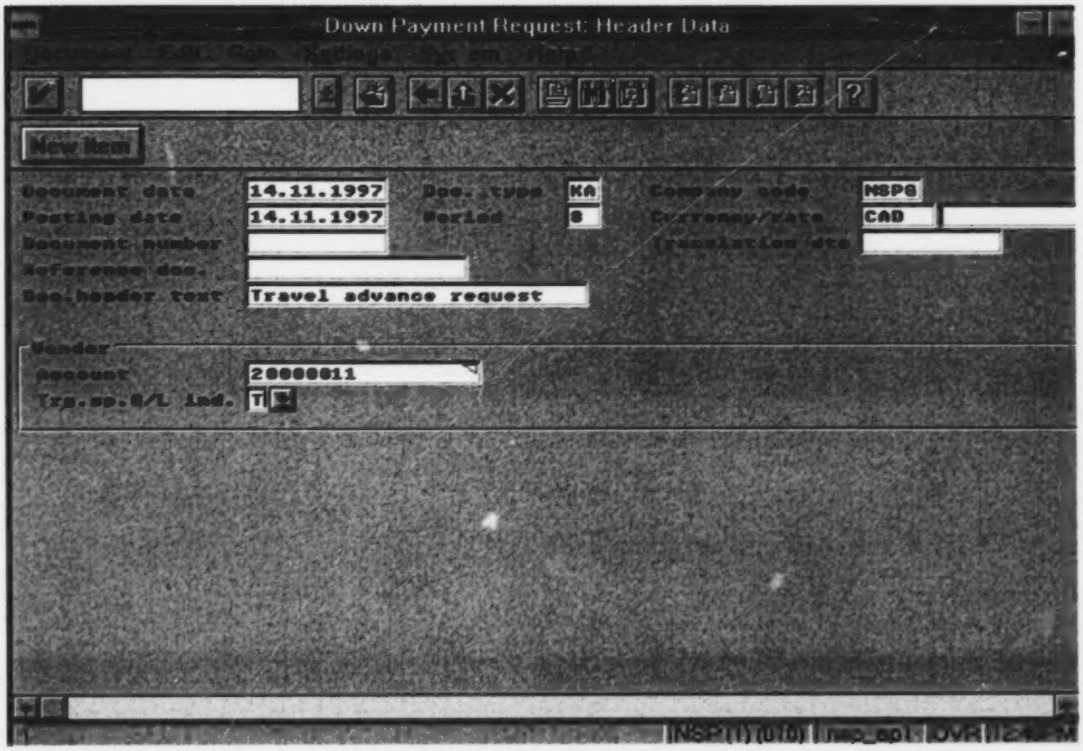
Advance Type	Special GL Indicator
Educational	A
Cash Floats	C
Petty Cash	I
Moving	M
Operating	O
Travel	T

1. Before entering any request for an advance, verify if an advance exists for the vendor. Travel advances should not be issued if the vendor already holds one, or if he/she has a travel card.
2. Once verified, an advance may be issued. Ensure that it has the proper approval.
3. Create a request for the advance by following the menu path as indicated.

MENU PATH: TRANSACTION: F-47

Accounting > Financial accounting > Accounts payable > Document entry > Down payment > Request

Screen "Down Payment Request: Header Data" will appear.


Down Payment Request: Header Data
Document Edit Goto Settings System Help
New Item

Document date 14.11.1997
Doc. type KA
Company code NSPG
Posting date 14.11.1997
Period 8
Currency/rate CAD
Document number
Translation dte
Reference doc.
Doc.header text Travel advance request

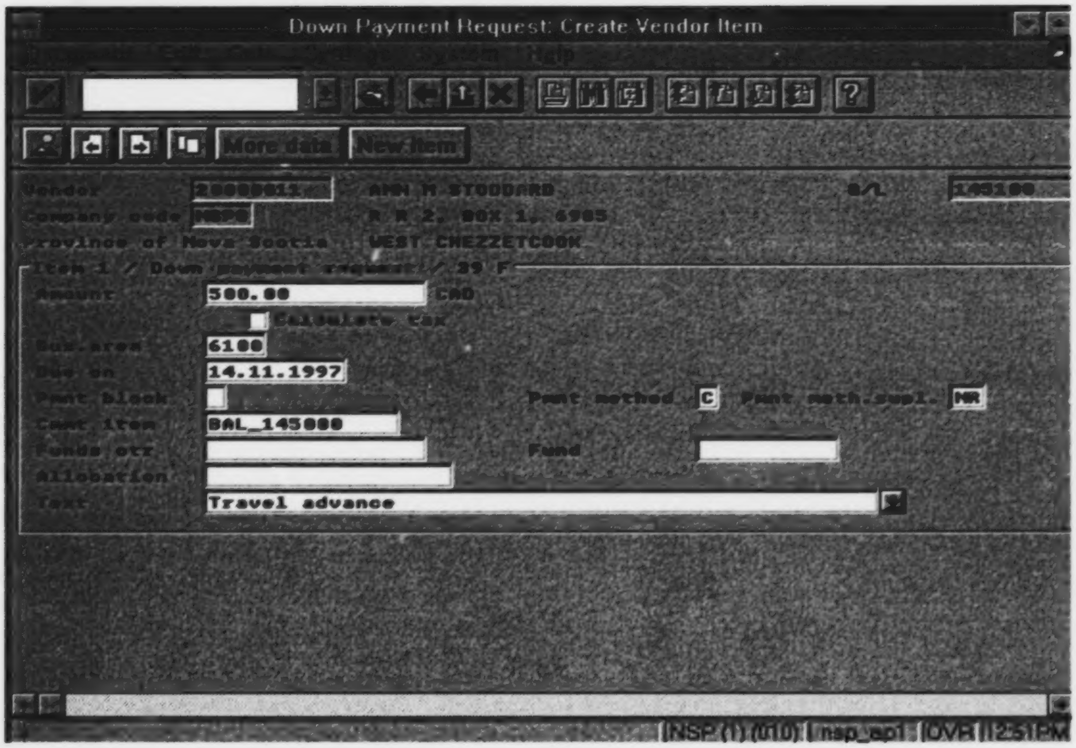
Vendor
Account 20000011
Trg.sp.G/L ind. T

4. Using the "Down Payment Request: Header Data" screen, enter the following information:

In the field:	1.	Document date	Key enter	today's date
	2.	Doc. type	Key enter	KA
	3.	Document header text	Key enter	Travel advance request (etc.)
	4.	Account	Key enter	Vendor account
	5.	Trg. sp. G/L ind.	Key enter	the correct special G/L indicator

then press ENTER

Screen "Down Payment Request: Create Vendor Item" will appear.


Down Payment Request: Create Vendor Item
More data
New item
INSP (1) (010) | nsp_ap1 | OVR | 2:51PM

Vendor 20000011 ANN M STODDARD G/L 145100
R R 2, BOX 1, 6985
Province of Nova Scotia WEST CHEZZETCOOK
Item 1 / Down payment request / 29 F
Amount 500.00 CAD
☐ Calculate tax
Bus. area 6100
Due on 14.11.1997
Pmnt block ☐ Pmnt method C Pmnt meth.supl. NR
Cmmt item BAL_145000
Funds ctr Fund
Allocation
Text Travel advance

5. Using the "Down Payment Request: Create Vendor Item" screen, enter the following information:

In the field:	1.	Amount	Key enter	amount
	2.	Bus. area	Key enter	business area
	3.	Due on	Key enter	date required
	4.	Pmt method	Key enter	C
	5.	Pmt meth. supl.	Key enter	return to code
	6.	Text	Key enter	Travel advance (etc.)

If all the information is correct, post the document (f11), then record the document number on the request form.

Appendix 10-B

Advance Adjustments to Change Custodian or Advance Type

Follow these steps to transfer an advance from one custodian to another or to change the advance type for an advance that has been set up incorrectly.

NOTE: Transfers can be carried out only for cash floats, petty cash, and operating advances.

As well, a statement signed by the new custodian must be obtained stating the amount received.

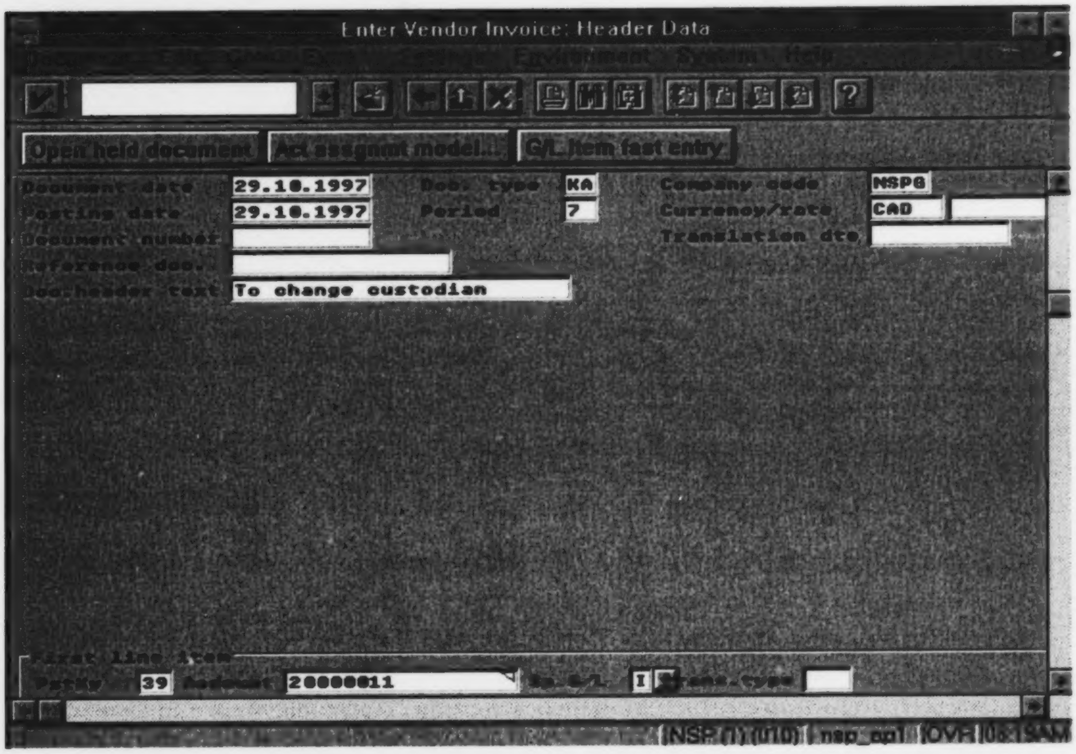
Part I: Clear the advance from the current custodian

1. Before entering any correction, verify that an advance exists for the vendor, the amount of the advance, the type of advance, and the business area.
2. Clear the advance from the current custodian by following the menu path as indicated.

   MENU PATH: TRANSACTION: F-43

   Accounting > Financial accounting > Accounts payable > Document entry > Invoice

Screen "Enter Vendor Invoice: Header Data" will appear.


Enter Vendor Invoice: Header Data
Environment
System
Help
Open held document
Act assgnmt model...
G/L item fast entry
NSP (1) (010) | nsp_op1 | OVR | 08:19AM

Document date 29.10.1997
Doc. type KA
Company code NSPG
Posting date 29.10.1997
Period 7
Currency/rate CAD
Translation dte
Document number
Reference doc.
Doc.header text To change custodian

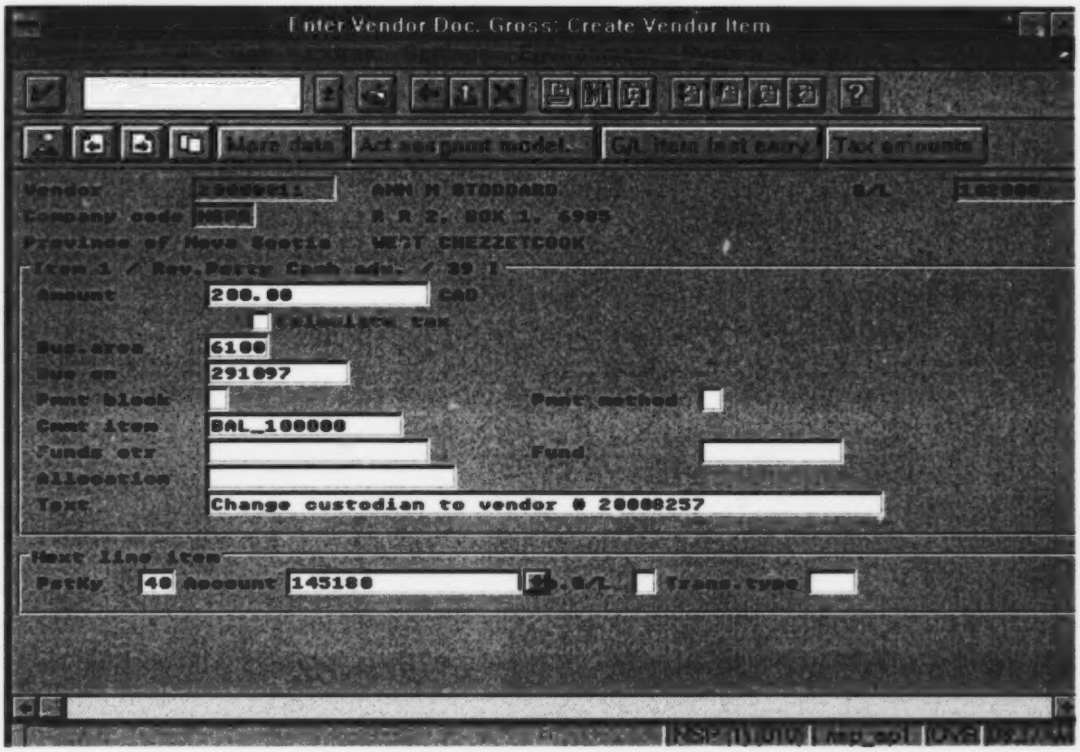
First line item
PstKy 39 Account 20000011 Sp. G/L I Trans.type

3. Using the "Enter Vendor Invoice: Header Data" screen, enter the following information:

In the field:	1.	Document date	Key enter	Date
	2.	Doc. type	Key enter	KA
	3.	Doc. header text	Key enter	To change custodian or To change advance type
	4.	PstKy	Key enter	39
	5.	Account	Key enter	Vendor account
	6.	Sp. G/L	Key enter	the advance type

Then press ENTER.

Screen "Enter Vendor Doc. Gross: Create Vendor Item" will appear.


Enter Vendor Doc. Gross: Create Vendor Item
More data
Acct assignment model
G/L item fast entry
Tax amounts

Vendor ANN M STODDARD
R R 2, BOX 1, 6985
Province of Nova Scotia WEST CHEZZETCOOK

Item 1 / Rev.Petty Cash adv. / 39 I
Amount 200.00 CAD
☐ Calculate tax
Bus.area 6100
Due on 291097
Pmnt block ☐ Pmnt method ☐
Cmmt item BAL_100000
Funds ctr Fund
Allocation
Text Change custodian to vendor # 20008257

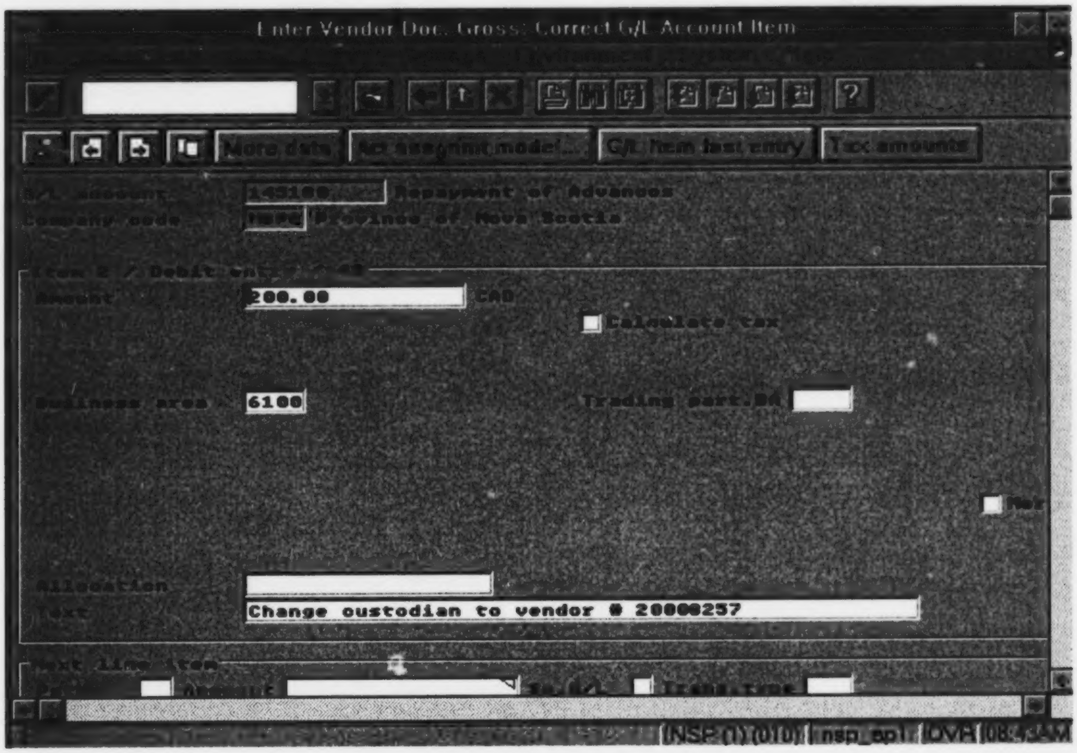
Next line item
PstKy 40 Account 145180 Sp.G/L ☐ Trans.type

4. Using the "Enter Vendor Doc. Gross: Create Vendor Item" screen, enter the following information:

In the field:	1.	Amount	Key enter	amount
	2.	Bus. area	Key enter	business area
	3.	Due on	Key enter	today's date
	4.	Text	Key enter	Change custodian to vendor # or Change advance type
	5.	PstKy	Key enter	40
	6.	Account	Key enter	145180

Then press ENTER.

Screen "Enter Vendor Doc. Gross: Correct G/L Account Item" will appear.


Enter Vendor Doc. Gross: Correct G/L Account Item
?
More data
Acct assignment model...
G/L item fast entry
Tax amounts
Calculate tax
Trading part.BA
Allocation
Next line item
NSP (1) (010) | nsp_ap1 | OVR | 08:43AM

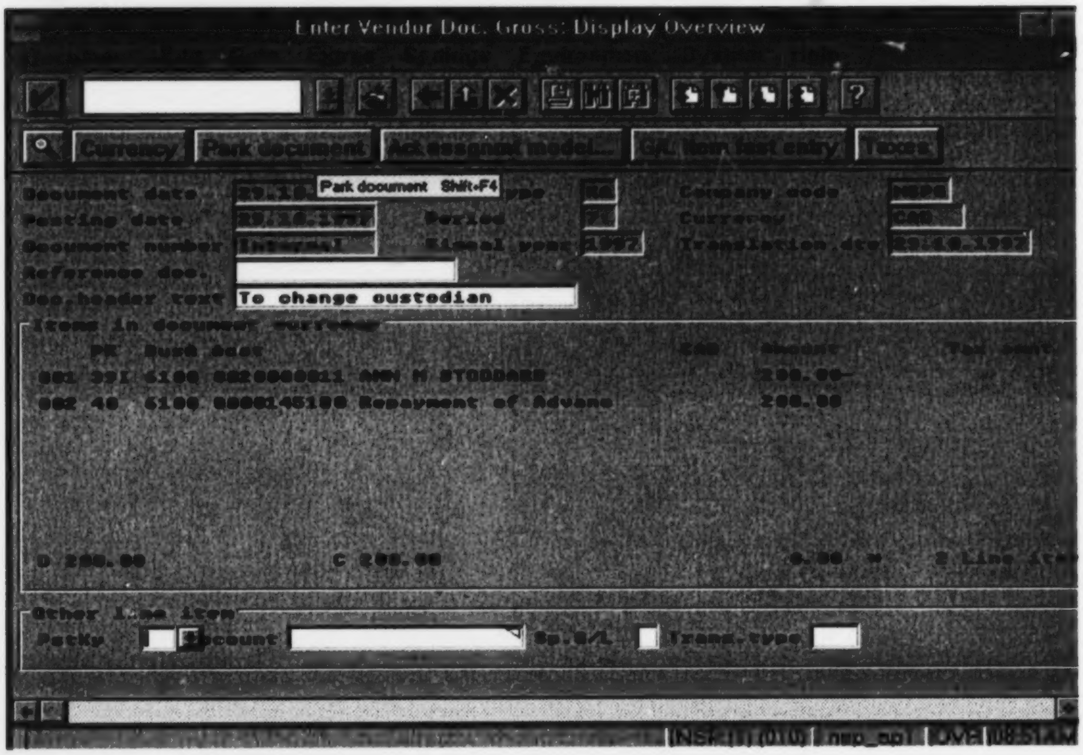
G/L account 145100 Repayment of Advances
Company code Province of Nova Scotia
Item 2 / Debit entry / 40
Amount 200.00 CAD
Business area 6100
Text Change custodian to vendor # 20000257

5. Using the "Enter Vendor Doc. Gross: Correct G/L Account Item" screen, enter the following information:

In the field:				
	1.	Amount	Key enter	amount
	2.	Business area	Key enter	business area
	3.	Text	Key enter	+

Then press Overview icon.

Screen "Enter Vendor Doc. Gross: Display Overview" will appear.


Enter Vendor Doc. Gross: Display Overview
Currency
Park document
Acct assgnmt model...
G/L item fast entry
Taxes
Park document Shift-F4
Document date
Posting date
Document number
Reference doc.
Items in document currency
Other line item
Account
Trans. type
INS
08:51AM

Doc.header text: To change custodian

D 200.00

C 200.00

6. Review the information on "Enter Vendor Doc. Gross: Display Overview" screen. If all is correct, post the document.
7. Record the document number on the request for transfer memo.
8. Then verify that the advance has been cleared from the vendor.

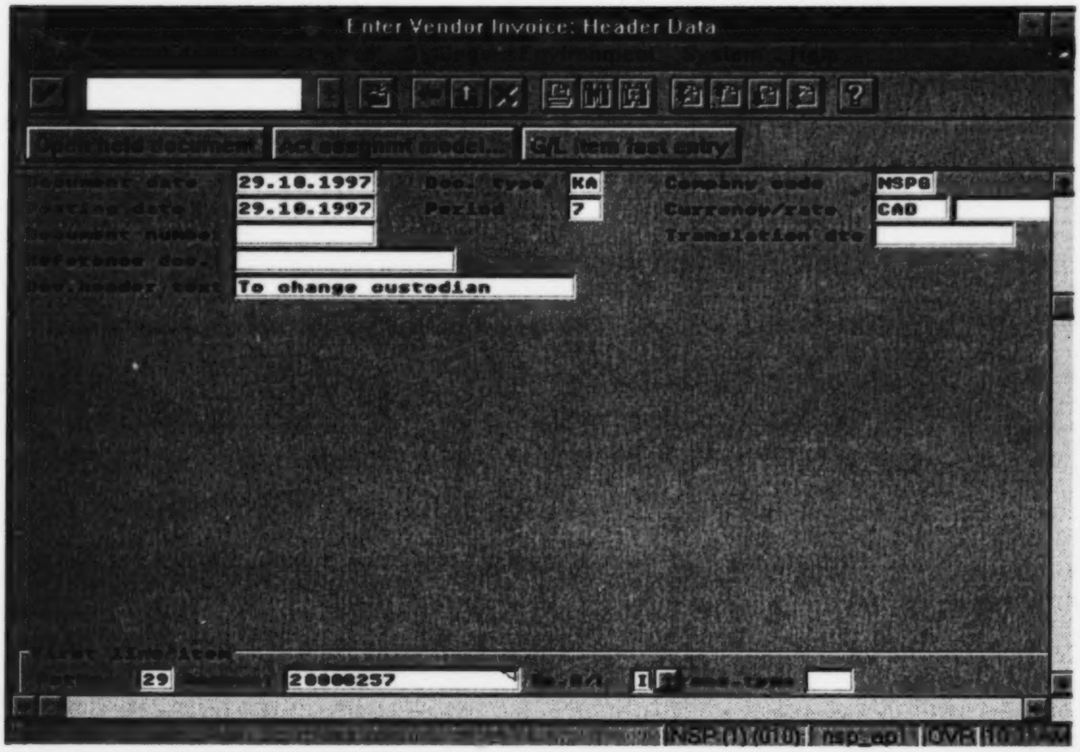
Part II: Set up the advance for the new custodian

1. Set up the advance in the vendor account of the new custodian by following the menu path as indicated.

MENU PATH: TRANSACTION: F-43

Accounting > Financial accounting > Accounts payable > Document entry > Invoice

Screen "Enter Vendor Invoice: Header Data" will appear.


Enter Vendor Invoice: Header Data
Open held document
Acct assgnmt model...
G/L item fast entry
NSP (1) (010)
nsp_ap
OVR

Document date 29.10.1997
Doc. type KA
Company code NSP0
Posting date 29.10.1997
Period 7
Currency/rate CAD
Document number
Translation dte
Reference doc.
Doc.header text To change custodian

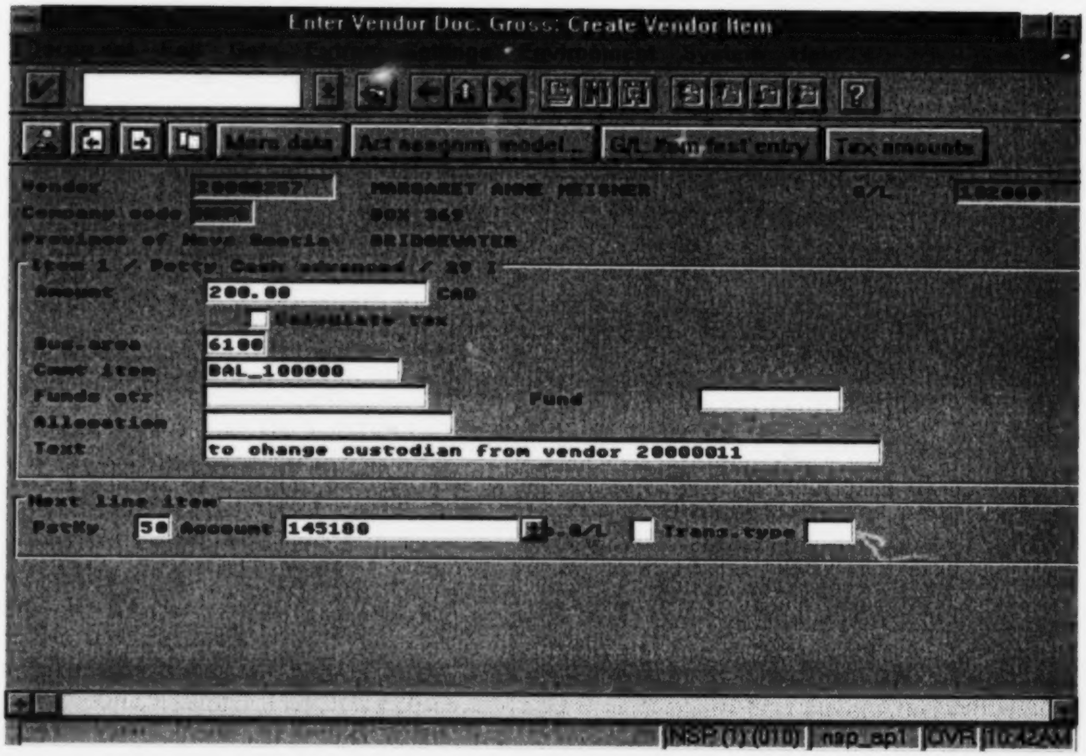
First line item
PstKy 29
Account 20000257
Sp.G/L I

2. Using the "Enter Vendor Invoice: Header Data" screen, enter the following information:

In the field:	1.	Document date	Key enter	date
	2.	Doc. type	Key enter	KA
	3.	Doc. header text	Key enter	To change custodian or To change advance type
	4.	PstKy	Key enter	29
	5.	Account	Key enter	vendor account
	6.	Sp. G/L	Key enter	the advance type

Then press ENTER.

Screen "Enter Vendor Doc. Gross: Create Vendor Item" will appear.



Enter Vendor Doc. Gross: Create Vendor Item

Vendor 20000257 MARGARET ANNE MEISNER G/L 102000
Company code
Province of Nova Scotia BOX 369 BRIDGEWATER

Item 1 / Petty Cash advanced / 29 I
Amount 200.00 CAD
☐ Calculate tax
Bus. area 6100
Cmmt item BAL_100000
Funds ctr Fund
Allocation
Text to change custodian from vendor 20000011

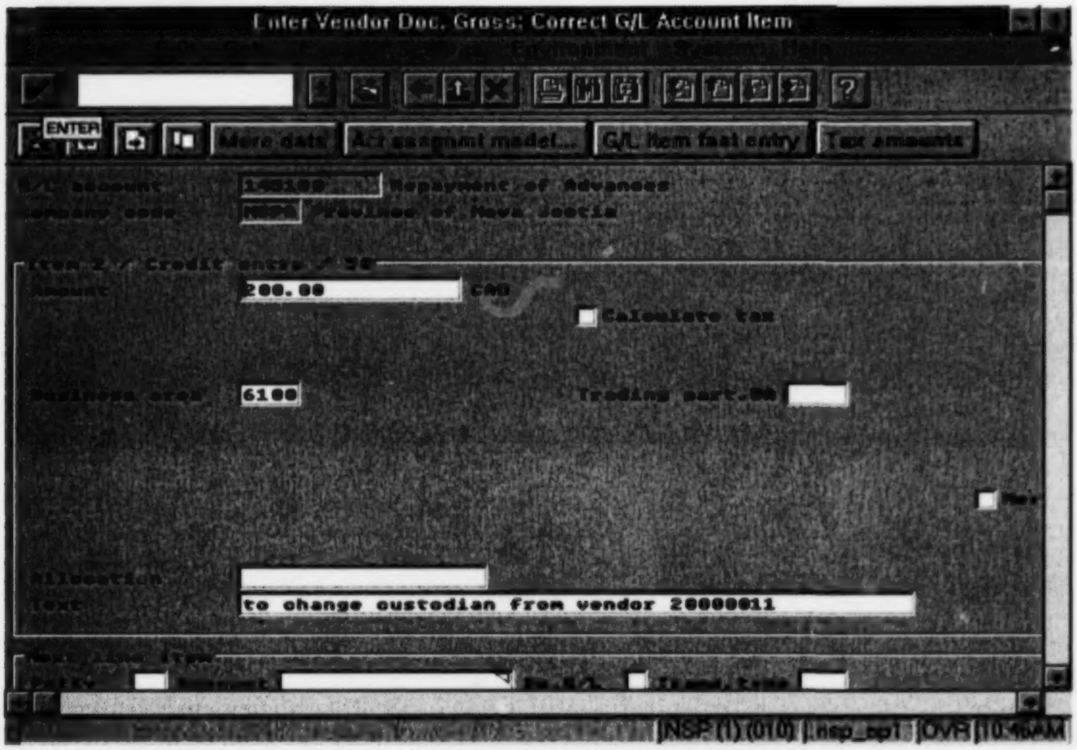
Next line item
PstKy 50 Account 145180 Sp. G/L ☐ Trans. type

3. Using the "Enter Vendor Doc. Gross: Create Vendor Item" screen, enter the following information:

In the field:	1.	Amount	Key enter	amount
	2.	Bus. area	Key enter	business area
	3.	Due on	Key enter	today's date
	4.	Text	Key enter	Change custodian to vendor # or Change advance type
	5.	PstKy	Key enter	40
	6.	Account	Key enter	145180

Then press ENTER.

Screen "Enter Vendor Doc. Gross: Correct G/L Account Item" will appear.


Enter Vendor Doc. Gross: Correct G/L Account Item
ENTER
More data
Acct assgnmt model...
G/L item fast entry
Tax amounts
NSP (1) (010) nsp_sp1 OVR 10:46AM

G/L account 145100 Repayment of Advances
Company code NSPA Province of Nova Scotia

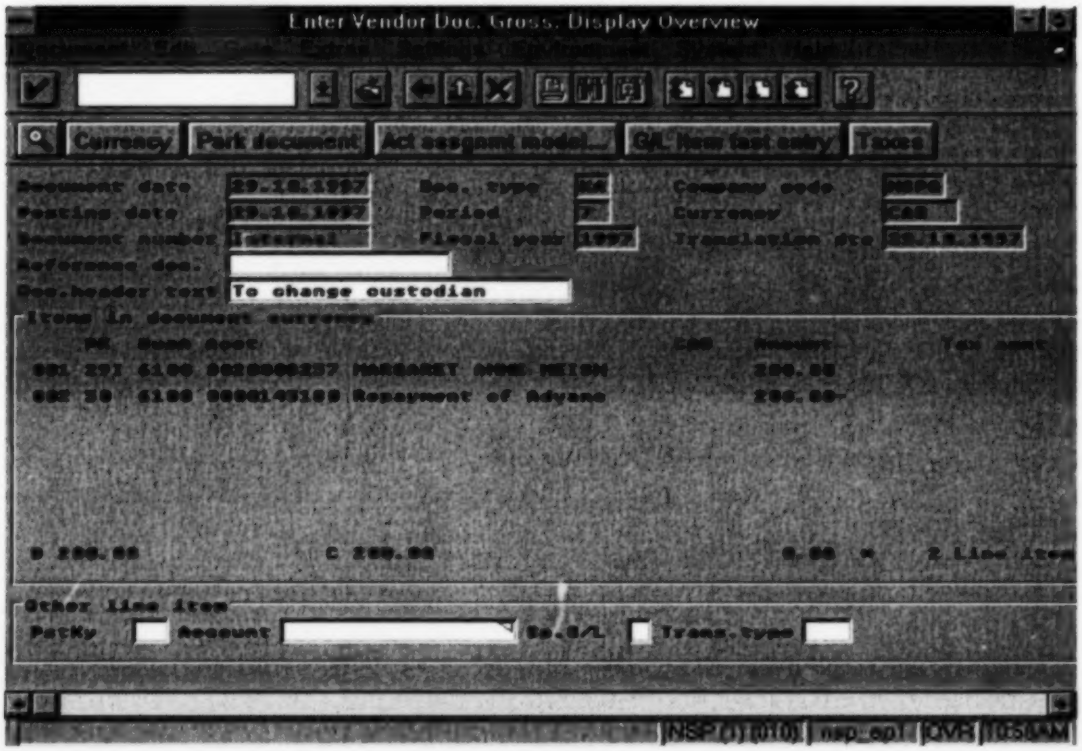
Item 2 / Credit entry / 50
Amount 200.00 CAD
☐ Calculate tax
Business area 6100
Trading part.BA
Allocation
Text to change custodian from vendor 20000011

4. Using the "Enter Vendor Doc. Gross: Correct G/L Account Item" screen, enter the following information:

In the field:				
	1.	Amount	Key enter	amount
	2.	Business area	Key enter	business area
	3.	Text	Key enter	+

Then press Overview icon.

Screen "Enter Vendor Doc. Gross: Display Overview" will appear.


Enter Vendor Doc. Gross: Display Overview
Currency
Park document
Act assgmnt model...
G/L item fast entry
Taxes
NSP (1) (010)
nsp_ap1
OVR
10:50AM

Document date 29.10.1997
Posting date 29.10.1997
Document number Internal
Reference doc.
Doc.header text To change custodian
Period 7
Fiscal year 1997
Translation dte 29.10.1997

Items in document currency

[illegible] Repayment of Advanc 200.00-

D 200.00 C 200.00 0.00 * 2 Line items

Other line item
PstKy ☐ Account ☐ Sp.G/L ☐ Trans.type ☐

5. Review the information on "Enter Vendor Doc. Gross: Display Overview" screen. If all is correct, post the document.
6. Record the document number on the request for transfer memo.
7. Then verify that the advance has been set up in the vendor account of the new custodian.

Appendix 10-C

Quarterly Advance Reconciliation Confirmation

Memorandum

NOVA SCOTIA

(Tab between required fields)

To: **Department of Finance**
Government Accounting Division

From:

Subject: **Quarterly Advance Reconciliation Confirmation**

Business Area: ☐ **For the Quarter Ending:** ☐

ADVANCE TYPE	G/L ACCT.	SP. G/L IND.	G/L BALANCE	A/P BALANCE	VARIANCE
Petty Cash	102000	I			
Cash Float	101000	C			
Operating	145110	O			
Education	145140	A			
Travel	145120	T			
Moving	145190	M			

We have completed a verification of advances held by our department and confirm that the balance in the general ledger agrees with the balance shown in the accounts payable sub-ledger and that the details of the sub-ledger are true balances of this date.

Prepared by: ____________________ **Date:** ____________

Approved by: ____________________ **Date:** ____________

10.2 Prepaid Expenses

Policy Statement

The Province of Nova Scotia records its assets in accordance with pronouncements of the Canadian Institute of Chartered Accountants and/or the Public Sector Accounting Board.

Definitions

ASSET

An asset of the province is an item that has future benefit that can be controlled by the province and that is derived from past transactions.

PREPAID EXPENSE

A prepaid expense is an item paid and recorded in advance of the receipt of goods or services. A payment for goods and services may have to be allocated between different periods, as it may represent an expense partially for the current period with the remainder for the following period. The amount to be recognized as an expense in the following period would be classified as a prepaid expense (asset on hand) at the end of the first period.

Policy Objectives

This policy explains which payments qualify as prepaid expenses to create consistent application across departments. The objective is to record expenses in the period in which the goods are received or services consumed.

Application

This policy applies to all members of the government reporting entity.

Policy Directives

A prepaid expense exists when a payment is made for goods or services that are not received during the current period. The amount relating to the current period should be expensed in that period. The value of the future benefit portion should be recorded as an asset in the prepaid expense asset accounts. As the goods or services are received in subsequent periods, that proportion of the value should be expensed to operations. When all goods or services are received in full, the prepaid expense account balance should be zero.

Policy Guidelines

Common prepaid expenses include fees paid for a specified period of time extending beyond a period end date or advance payments for shipments of goods or delivery of service. Some examples include annual professional dues, insurance premiums, advance lease payments, retainer fees, and subscriptions.

Materiality should be a consideration when assessing this policy. A prepaid expense should be recorded in situations where expensing the full payment would result in material misstatement of the period's expenses and assets.

Accountability

Departments are responsible to ensure that prepaid expenses are properly reflected in their accounts.

Monitoring

These accounts are subject to review by Government Accounting and the auditors. Government Accounting will monitor the policy's implementation, performance, and effectiveness.

Enquiries

Director, Government Accounting, Department of Finance (902) 424-7021

Approval date: July 5, 2001	*Manual release date: January 9, 2003*
Approved by: Minister, Department of Finance	*Most recent review:*

Chapter 11: Petty Cash and Floats

11.1 Petty Cash Funds

Policy Statement

This policy describes the purpose of a petty cash fund and the procedures to be followed for establishing and operating such a fund.

Policy Objective

To ensure that the procedures for establishing a petty cash fund are available to those who use petty cash funds.

Policy Directives

RESTRICTIONS

- A petty cash fund is to be used for cash transactions not exceeding $50.00 in value, provided such transactions comply with the regulations of the Procurement Branch, Department of Transportation and Public Works.
- A fund may be used only to cover government expenses.
- A fund must not be used to settle expenditures previously committed as credit transactions.
- Salaries may not be paid out of petty cash funds under any circumstances.
- Travel expenses, with the exception of reimbursing employees for taxi fare, may not be paid out of petty cash.

ESTABLISHING A FUND

A department or agency may request a petty cash fund by writing to the Director of Financial Services of their respective department or corporate service unit indicating the reason for the request, the dollar amount of the fund required, and the employee or holder to whom the fund will be assigned. (See Appendix 11-A.) The amount of the fund can vary and will depend on the volume of transactions by the department or agency.

Any change in the employee responsible for the petty cash fund must be reported promptly in writing to the Director of Financial Services of their respective department or corporate service unit. (See Appendix 11-B.) This report should contain a signed statement by the new custodian confirming that he/she has received the funds.

OPERATING A FUND

Funds received by a department or agency will be in the form of a cheque. The cheque will be cashed, and the money received will be kept by the employee or holder in a secure location.

Each March 31, and whenever replenishment is required, the employee responsible for the petty cash fund will complete a Statement of Petty Cash Expenditures (See Appendix 11-C) in accordance with the following instructions:

1 The sum of the total expenditure receipts and cash on hand must be equivalent to the approved fund level.
2 The expenditures listed on the form must have the Details of Expenditure section (date purchased, to whom paid, and item description) properly completed. These details must be accompanied by receipted invoices or other supporting documents in the order of listing.
3 The summary of expenditures must account for all the entries listed in the main section of the form.
4 The Statement of Petty Cash Expenditures must be properly authorized and approved for payment in accordance with the requirements of the Department of Finance. In the case where the custodian of the fund also has signing authority, the document must also be approved by a separate person having authority. Upon completion of the form, forward the original to the Director of Financial Services of your respective department or corporate service unit. Retain one copy for your file.

Departmental or corporate service unit Financial Services staff will replenish the fund by a cheque payable to the custodian for the expenditure reported.

YEAR-END ACCOUNTING PROCEDURE

In accordance with the *Provincial Finance Act*, R.S. 1989, c.365, s.22:

> An advance for which an accounting has not been made at the termination of the fiscal year in which it was made shall be accounted for or repaid within thirty days thereafter or within such additional number of days as the Minister may fix in any particular case.

In compliance with the above act, an employee responsible for a petty cash fund may be required to confirm the existence of a petty cash fund and sign a statement certifying the cash position at the end of the fiscal year.

Accountability

Financial Services of the department or corporate service unit is responsible for requisitioning the cheques to establish a fund and to replenish the fund as petty cash statements are processed. The members of the government reporting entity using SAP/CFMS to process payments are responsible for compliance to this policy.

Monitoring

Government Accounting will monitor the policy's implementation, performance, and effectiveness.

Enquiries

Accounts Payable Processing, Government Accounting
Department of Finance
(902) 424-6626

Appendices

Appendix 11-A Memorandum to Request Establishment of a Petty Cash Fund or Cash Float

Appendix 11-B Notification of Change of Advance Custodian

Appendix 11-C Statement of Petty Cash Expenditures

Approval date: July 5, 2001
Approved by: Minister, Department of Finance

Manual release date: January 9, 2003
Most recent review:

Appendix 11-A

Memorandum to Request Establishment of a Petty Cash Fund or Cash Float

TO:

FROM:

DATE:

RE: Establish Petty Cash, Cash Float, Operating Fund

The purpose of this memorandum is to confirm that I, ______________________, agree to accept responsibility as custodian for a petty cash fund or cash float, in the amount of $ __________ to be established and assigned to me. My vendor code is ______________.

If you do not have a vendor code please provide the following information:

Home Address: ______________________________

____

Postal Code: ______________________________

SIN: ______________________________

Furthermore, I acknowledge having received a photocopy of the Government of Nova Scotia Manual 200, outlining relevant matters with respect to managing a petty cash fund.

Signature: ______________________________

Print Name: ______________________________

Financial Services

Approved by:

Date:

Appendix 11-B

Notification of Change of Advance Custodian

TO:

FROM:

SUBJECT: **Change of Advance Custodian (Petty Cash, Cash Float Operating)**

DATE:

Please change the custodian for the ________________ advance currently held by:

Name:
Vendor Number:
Amount:
Business Area Number:

TO:

Name:
Vendor Number:
Amount:
Business Area Number:

I, the undersigned, certify that I have received the amount indicated.

Signature: ____________________________ Date: __________________

Financial Services

Approved by:

Date:

Appendix 11-C

Statement of Petty Cash Expenditures

Document #	Reference Doc. #	Sample Doc. #	
Department		Division	
Cheque Payable to: (Name and Mailing Address)		Vendor Account Suppcode 50000087	Date
All Expenditures Must Be Supported By Receipts In Order of Listing		PETTY CASH FUND: Expenditures on this Statement	
		Cash on Hand	
		Approved Fund Level	

DETAILS OF EXPENDITURES

Date	To Whom Paid and Item Description	Dept Use	Order	Distribution Cost Centre	GL Acct	Amount
					Total Expenditures	**$0.00**

Authorization and Approval

I certify that the above expenditures were incurred on Government Business.

Custodian Date

The above expenditures were authorized by me.

Signed

Position Date

Additions and extensions certified correct.

Initialled Date

Summary of Expenditure

Distribution Order	Cost Centre	GL Acct	Amount
		Summary Total	**$0.00**

11.2 Cash Floats

Policy Statement

This policy describes the purpose of a cash float and the procedures to be followed for establishing and operating such a float.

Policy Objective

To ensure that the procedures for establishing a cash float are known to those who use cash floats.

Policy Directives

RESTRICTIONS

A cash float will be issued to an employee/department upon receipt of a properly authorized requisition.

The following restrictions will be observed:

- A float is to be used to make change on cash transactions.
- A float may be used only to cover government operations.
- The float may not be used for personal purposes.

ESTABLISHING A FLOAT

A department or agency may request a cash float by writing to the Director of Financial Services of their respective department or corporate service unit indicating the reason for the request, the dollar amount of the float required, and the employee or holder to whom the float will be assigned. (See Appendix 11-A.) The amount of the float can vary and will depend on the volume of transactions by the department or agency.

Any change in the employee responsible for the cash float must be reported promptly in writing to the Director of Financial Services of their respective department or corporate service unit. (See Appendix 11-B.) This report should contain a signed statement by the new custodian confirming that he/she has received the funds.

OPERATING A FLOAT

Funds received by a department or agency will be in the form of a cheque. The cheque will be cashed, and the money received will be kept by the employee or holder in a secure location. Cash floats on hand must be maintained at the amount of advance issued. Changes must be requested through the Director of Financial Services of the respective department or corporate service unit.

YEAR-END ACCOUNTING PROCEDURE

In accordance with the *Provincial Finance Act*, R.S. 1989, c.365, s.22:

> An advance for which an accounting has not been made at the termination of the fiscal year in which it was made shall be accounted for or repaid within thirty days thereafter or within such additional number of days as the Minister may fix in any particular case.

In compliance with the above act, an employee responsible for a petty cash float may be required to confirm existence of the cash float and sign a statement certifying the cash position at the termination of the fiscal year.

At year-end, Government Accounting will review all the cash float accounts in the general ledger. If there is low activity, the department will be contacted to provide support for maintaining the float or to return the float if it is no longer needed.

Accountability

Departments are responsible for requisitioning the cheques to establish a cash float. Departments are responsible for compliance with this policy and maintaining the appropriate balance of cash in their cash float.

Monitoring

Government Accounting will monitor the policy's implementation, performance, and effectiveness.

Enquiries

Accounts Payable Processing, Government Accounting
Department of Finance
(902) 424-6626

Approval date:* *July 5, 2001
Approved by:* *Minister, Department of Finance

Manual release date:* *January 9, 2003
Most recent review:

Chapter 12: Tangible Capital Assets

12 Tangible Capital Assets

Policy Statements

It is the policy of the Province of Nova Scotia to record, in the accounts of the province, the tangible capital assets controlled by the province.

It is the policy of the Province of Nova Scotia to record, in the accounts of the province, the tangible capital assets under capital lease by the province.

Policy Objectives

This document outlines the accounting policy for tangible capital assets in the accounts of the Province of Nova Scotia. The objective of this policy is to ensure that tangible capital assets are recorded appropriately and accurately.

Tangible capital asset information assists management in fulfilling its responsibility to efficiently manage tangible capital assets.

This policy supports the following corporate objectives:

- consistency throughout government
- fiscal responsibility
- corporate flexibility
- accountability
- compliance with the Public Sector Accounting Board (PSAB)
- need to manage corporate infrastructure
- enhanced measurement of cost of service
- improved information to support long-term planning

Application

This policy applies to the province's departments and public service agencies contained in the Consolidated Fund.

All organizations deemed to be part of the government reporting entity are encouraged to adopt a tangible capital assets policy with appropriate asset classes and threshold amounts for each class and to apply it as soon as is practical.

It is recognized that many entities may already have an appropriate policy in place. As well, threshold amounts should be determined as appropriate for each entity.

All entities to which this policy is applicable are responsible for implementation and operation of an internal control system that ensures that tangible capital assets are accounted for in accordance with this policy.

Policy Directives

INCLUSIONS

The policy applies to the following tangible capital assets:

- land
- land improvements
- buildings including schools and portable classrooms
- leasehold improvements
- furniture, equipment and technology
- utilities
- wharves
- major equipment
- ferries and boats
- computer hardware
- computer software
- customized software
- motor vehicles
- owned ambulances
- buses
- roads and highways
- bridges

Capital leases are recorded as separate tangible capital asset classes for each type of asset (e.g., buildings owned and buildings leased are two separate tangible capital asset classes).

EXCLUSIONS

The following capital assets are excluded:

- intangibles
- land and other assets acquired by right
- works of art and historical treasures
- natural resources such as forests, water, and mineral resources

Accounting

All assets that meet the definition as provided in Appendix 12-A, fall within the classification outlined in Appendix 12-B, as well as meet the threshold values in Appendix 12-C must be recorded in the accounts of the province in accordance with this policy. Bundling or grouping of assets does not make a tangible capital asset–that is, each individual asset must meet the criteria for capitalization.

Tangible capital assets will be capitalized and reported in the financial statements of the Province of Nova Scotia. Assets and betterments will be recorded at cost net of cost sharing or recoveries. Contributed assets will be recorded at a nominal value of $1 if the fair market value meets the thresholds.

A capital leased asset is valued at the net present value of future lease payments. It is recorded as an asset acquisition if the value meets the applicable asset class threshold. If the value does not meet the applicable asset class threshold, it is charged to expenses.

In assessing the threshold for roads, bridges, and highways projects, the total cost of a project would include the road/highway portions as well as any bridges (overpasses are common) along the way from the starting point to the ending point. If the total project cost exceeds the threshold, the project would be capitalized in separate components for the substructure, pavement, and bridges to allow for the different amortization rates.

Interest will not be capitalized as part of the asset cost under this policy.

Salaries will be capitalized as part of the asset cost only if those salaries relate directly to the project and the person has an ongoing mandate to build/construct capital projects.

A down payment/deposit on a capital asset will be recorded as an Advance. When the related asset is available for use, the down payment/deposit will be capitalized at that time.

Amortization of tangible capital assets, with the exception of capital leases and leasehold improvements, will be on the declining balance basis at the rates that reflect estimated useful life, as provided in Appendix 12-C.

Amortization of capital leases and leasehold improvements will be straight line over the remaining term of the lease.

It is assumed that the province will hold a tangible capital asset for an extended period of time, and as a result, the residual/salvage value will be immaterial. Amortization will continue to occur and be charged to the department's budget appropriation until the net book value is nil or the tangible capital asset has been disposed of and removed from the accounts of the province.

The net book value of a tangible capital asset is to be written down when conditions indicate that the tangible capital asset no longer contributes to the government's ability to provide services or the future economic benefits are less than the net book value. Write-downs are not to be reversed. The amount of the write-down represents a charge against the department's budget appropriation. On an annual basis, assets that are 95% amortized will be reviewed by a team to determine if the residual unamortized balance should be written down to $1 based on a number of criteria in accordance with generally accepted accounting principles and using judgment in the area of materiality.

Assets will be retired from the accounts of the province when the asset is sold, destroyed, abandoned, or otherwise disposed of. The gain or loss on disposal will be calculated with reference to the proceeds received and the net book value of the tangible capital asset. The proceeds from the sale of the asset are considered revenue of the consolidated fund and not the department.

Policy Guidelines

The following guidelines are intended to facilitate decision making and assist departments in applying this policy. The capital asset module is not designed to be a substitute for inventory management.

Capital investment decisions will have a significant impact on future operations as a result of amortization charges. Departments should recognize the impact that such investment will have on annual departmental costs. Departments should avoid excessive amortization charges, which may impair the department's operational flexibility.

This policy recognizes that amortization charges represent a non-discretionary cost once a capital investment decision is made. As well, amortization charges extend to future years. Capital investment decisions should be supported by a commitment to fund future amortization charges.

Professional judgment is based on an individual's past experiences and training. In the presence of uncertainty, the application of judgment is inevitable. Professional judgment must be used in determining which costs are capitalized.

Departments are to consider the spirit and intent of the policy objectives in situations where professional judgment is required.

Departments are to apply the policy consistently across the department and from year to year.

Departments must have control over those tangible capital assets for which they are held accountable.

Budgeting for tangible capital asset acquisitions should reflect the multi-year nature of capital investment decisions. Departments may prepare capital investment plans based on either a project basis or a program basis, as appropriate.

Where departments provide capital grants to other entities and organizations, the provincial contribution is not considered to be a capital asset of the province. Where capital grants are provided, the appropriation for the contribution is to be supported by a capital plan for the entity even though the contribution is considered to be an operating expense of the contributor.

While this policy sets out the accounting policy for tangible capital assets, it should not be construed by management to be all that is required for appropriate control of tangible capital assets.

An environmental remediation project can include components of both site restoration and betterment. The portion related to restoration of a site to its original state should be expensed as incurred. The portion related to the betterment, as defined in Appendix 12-A, should be capitalized, added to the cost of the asset (as a sub-asset) and amortized accordingly.

Accountability

DEPARTMENTS

Departments are responsible for

- managing capital investment budgets
- accounting for tangible capital assets, in accordance with this policy, for all tangible capital assets they own or lease

- maintaining current and accurate tangible capital asset information
- recognizing the impact of capital investment decisions on current and future operating budgets (i.e., amortization charges) and managing all expenditures accordingly
- analysing lease vs. buy options for asset acquisitions
- recording capital leases appropriately
- ensuring that proper control of tangible capital assets is maintained

DEPARTMENT OF FINANCE

The Department of Finance is responsible for

- providing information as inputs to forecasts and budgets for tangible capital assets
- conducting the month-end close process for the asset management module including the posting of amortization
- reporting tangible capital assets in the financial statements of the province
- monitoring the application of this policy
- updating this policy, periodically, with consultation from departments
- updating the province's debt management plan as a result of differences in the timing of capital investment decisions from that originally planned
- determining the most appropriate means of long-term financing for TCA spending

TREASURY AND POLICY BOARD

The Treasury and Policy Board is responsible for

- assembling and reviewing information for forecasts and budgets for tangible capital assets
- facilitating the approval of capital investment budgets giving due regard to provincial cash flow and debt management
- recognizing the impact of current and future amortization charges on the operating budget of the department and giving this due consideration when facilitating the approval of capital investment budgets

Monitoring

The Department of Finance, Government Accounting Division and the finance divisions of all departments are responsible for monitoring the application and audit of this policy.

Compliance with this policy is subject to audit by internal audit and by the Office of the Auditor General. These auditors are encouraged to coordinate their work effort to avoid duplication.

References

Provincial Finance Act, Sale of Crown Assets, Section 60A
Public Highways Act
Public Sector Accounting Board Handbook

Appendices

Appendix 12-A Definitions
Appendix 12-B Tangible Capital Asset Classes
Appendix 12-C Thresholds and Amortization Rates Classes for Tangible Capital Assets
Note: The attached appendices are an integral part of this policy.

Transitional Provisions

The original policy was implemented effective April 1, 1999 on a retroactive basis. Tangible capital assets owned at that time were recorded at net book value. Where net book value was not easily determinable, reasonable estimates were required.

This policy has been updated for changes made effective April 1, 2003 and applied on a propsective basis, as a result of the first complete policy review process.

Enquiries

Government Accounting, Department of Finance (902) 424-7771

Approval date: July 5, 2001
Approved by: Minister, Department of Finance

Manual release date: January 9, 2003
Most recent review: March 29, 2004

APPENDIX 12-A

DEFINITIONS

ACCUMULATED AMORTIZATION
Accumulated amortization represents the total consumed or used portion of the tangible capital asset. It is the sum of all amortization charges made for a tangible capital asset.

AMORTIZATION
Amortization is the process of allocating the cost of a tangible capital asset over its estimated useful life to match costs with the revenues or public services that it helps provide. The method of amortization used best matches the costs to the associated revenues or services for each tangible capital asset or group of tangible capital assets.

Amortization of tangible capital assets does not commence until they are available for use.

ASSETS
Assets, in general, must have three characteristics:

- They embody a future benefit that involves a capacity singly or in combination with other assets to provide services.
- The government can control access to the benefits.
- The transaction or event giving rise to the entity's right to or control of the benefit has already occurred.

BETTERMENT
The cost incurred to enhance the service potential of a tangible capital asset is a betterment. Service potential is enhanced if one of the following occurs:

- There is an increase in the previously assessed physical output or service capacity.
- Associated operating costs are lowered.
- The original useful life is extended.
- The quality of output is improved.

Betterments and replacements include additions to a tangible capital asset or a substitution of a component part of a tangible capital asset. The distinguishing feature between a betterment and a replacement is that a betterment is the substitution of a better component for the one currently used. A replacement, on the other hand, is the substitution of a similar component.

Betterments are treated as tangible capital assets (set up as a sub-number of the related asset) and amortized accordingly. Replacements are treated as ordinary operating expenditures.

CAPITAL LEASES

A capital lease is defined by the *Canadian Institute of Chartered Accountants (CICA) Handbook*, Section 3065.03 as

> "a lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee."

Section 3065.06 provides further guidance as follows:

> "From the point of view of a lessee, a lease would normally transfer substantially all of the benefits and risks of ownership to the lessee when, at the inception of the lease, one or more of the following conditions are present:
>
> a) There is reasonable assurance that the lessee will obtain ownership of the leased property by the end of the lease term. Reasonable assurance that the lessee will obtain ownership of the leased property would be present when the terms of the lease would result in ownership being transferred to the lessee by the end of the lease term or when the lease provides for a bargain purchase option.
>
> b) The lease term is of such a duration that the lessee will receive substantially all of the economic benefits expected to be derived from the use of the leased property over its life span. Although the lease term may not be equal to the economic life of the leased property in terms of years, the lessee would normally be expected to receive substantially all of the economic benefits to be derived from the leased property when the lease term is equal to a major portion (usually 75% or more) of the economic life of the leased property. This is due to the fact that new equipment, reflecting later technology and in prime condition, may be assumed to be more efficient than old equipment which has been subject to obsolescence and wear.
>
> c) The lessor would be assured of recovering the investment in the leased property and of earning a return on the investment as a result of the lease agreement. This condition would exist if the present value, at the beginning of the lease term, of the minimum lease payments, excluding any portion thereof relating to executory costs, is equal to substantially all (usually 90% or more) of the fair value of the leased property, at the inception of the lease.

> In view of the fact that land normally has an indefinite useful life, it is not possible for the lessee to receive substantially all the benefits and risks associated with its ownership, unless there is reasonable assurance that ownership will pass to the lessee by the end of the lease term."

In addition to the standard "math tests," PSAB Guideline PSG-2 *Leased Tangible Capital Assets* focuses on an assessment of whether "substantially all of the benefits and risks incident to ownership are, in substance, transferred to the government without necessarily transferring legal ownership."

COST
Cost is the amount of consideration given up to acquire, construct, develop, or better a tangible capital asset and includes all costs directly attributable to acquisition, construction, development, or betterment of capital assets including installing it at the location and in the condition necessary for its intended use. Salaries will be capitalized as part of the asset cost only if those salaries relate directly to the project and the person has an ongoing mandate to build/construct capital projects. For purposes of this policy, the capitalization cost is calculated net of recoveries from others (e.g., federal cost sharing).

DECLINING BALANCE METHOD
The declining balance method is an approach of amortizing a tangible capital asset where amortization is considered as a function of usage instead of a function of time. The periodic charge is a constant percentage of the unamortized cost so that the depreciated cost approaches zero by the retirement date. This method reflects a higher amortization charge in the early years of use, since the amortization is calculated by applying the identified rate to the annually declining net book value.

DISPOSALS
Disposals result when the ownership of a tangible capital asset is relinquished. Disposals reduce the cost of tangible capital assets and accumulated amortization to zero.

NET BOOK VALUE
The net book value represents the difference between the cost of a tangible capital asset and both its accumulated amortization and the amount of any write-downs. The net book value is, therefore, the unconsumed cost of a tangible capital asset attributable to its remaining service life.

REPAIRS AND MAINTENANCE

The cost incurred in the maintenance of the service potential of a tangible capital asset is a repair, not a betterment.

Ordinary repairs are expenditures made to maintain assets in operating condition; they are charged to an expense account in the period in which they are incurred on the basis that it is the only period benefitted. Replacement of minor parts, lubricating and adjusting of equipment, repainting, and cleaning are examples of the type of maintenance charges that occur regularly and are treated as ordinary operating expenses.

STRAIGHT LINE METHOD

The straight line method is an approach of amortizing a tangible capital asset where amortization is considered as a function of time instead of a function of usage. The major assumptions are that the asset's economic usefulness is the same each year and the repair and maintenance expense is essentially the same each period. Therefore, the periodic charge is the same in each year of the useful life of the asset.

TANGIBLE CAPITAL ASSET

A tangible capital asset is a non-financial asset that is purchased, constructed or developed and

- is held for use in the production or supply of goods and services, for rental to others, for administrative purposes, or for development, construction, maintenance, or repair of other capital assets
- requires operating and maintenance expenditures and may need to be replaced in the future
- has a useful life extending beyond an accounting period and is intended to be used on a continuing basis
- is not intended for sale in the ordinary course of operations

THRESHOLD AMOUNT

Generally, the threshold amount for each category represents the minimum cost an individual asset must have before it is to be treated as a tangible capital asset and added to the proper asset class balance. The threshold amount is to be used as a guide in addition to professional judgment.

APPENDIX 12-B

TANGIBLE CAPITAL ASSET CLASSES

Information respecting tangible capital assets is grouped by tangible capital asset classes. For each category, an amortization rate and a capitalization threshold have been determined. See Appendix 12-C for a summary of this information.

The following describes the types of tangible capital assets included in each category.

LAND

Land includes land purchased for parks and recreation, building sites, and other program use. It does not include land acquired by right of the province. It also does not include land held for resale.

LAND IMPROVEMENTS

Only those land improvements not associated with a building on-site are to be set up in this asset class. An example would be a parking lot on vacant land. Any other land improvements are to be set up as a sub-asset of the related building.

BUILDINGS

In addition to basic buildings, complex structures such as fish hatcheries, greenhouses, and forest lookout towers are included. Any betterments to buildings are also included. Items to furnish the buildings, such as chairs, desks, filing cabinets, photocopiers, etc., are not considered part of the building costs and are not to be capitalized, unless it is determined that these costs meet the criteria of the Furniture, Equipment and Technology category. In which case, the costs will be capitalized in the FE&T category.

SCHOOLS

Provincially owned schools are capitalized under this class. Any betterments to schools are also included. Items to furnish the school, such as chairs, desks, photocopiers, etc., are not considered part of the building costs and are not to be capitalized, unless it is determined that these costs meet the criteria of the Furniture, Equipment and Technology category. In which case, the costs will be capitalized in the FE&T category.

PORTABLE CLASSROOMS

Portable classrooms are modular buildings or trailers that are placed on a school site to provide additional classroom space.

LEASEHOLD IMPROVEMENTS

Leasehold improvements are additions, improvements, or alterations made by the lessee to leased property that cannot be removed upon termination of the lease because they are attached to, or form, part of the leased premises.

CAPITAL LEASES

A capital lease is valued as the net present value of the stream of future lease payments. Separate classes for capital leases will be established as needed: e.g., capital lease–buildings; capital lease–P3 schools.

FURNITURE, EQUIPMENT AND TECHNOLOGY (FE&T)

Furniture, equipment and technology may be capitalized in the following situations:

- construction of a new building
- construction of a new building which is a replacement for a currently existing building
- construction of a building addition which includes new FE&T
- major renovation of a building in which new FE&T is included to replace the existing items
- construction of certain major complex network systems

The furniture, equipment and technology to be capitalized should meet all of the following criteria:

- total costs exceed threshold of $250,000
- will not be consumed in the normal course of operations in the short term
- intended to have a useful life over one year
- appropriate security and inventory procedures are in place to protect assets.

In the case of a complex network system, FE&T must be an integral part of the functionality of the complex network system. A complex network system consists of an assembly of inter-dependent assets which perform a coordinated function. Recording the component parts into various classes would be difficult and not very meaningful. The useful life is very long as compared to regular assets. Examples include waste treatment facilities, water utilities, and radio networks.

In the case of a building project, FE&T are reasonable items required to furnish and equip a building. FE&T are not to be removed from the facility for an extended length of time.

FE&T will be recorded as lump sum assets (e.g., Building ABC FE&T).

UTILITIES

All items, except land and building, associated with a water utility such as piping (transmission lines), steel storage tanks, dams, wells, water meters, hydrants, and pumps are included in the Utilities category. The land and building associated with a water utility will be set up in the respective Land and Building category.

WHARVES

A wharf includes all direct costs of construction including labour, materials, land, survey costs, and project-specific design costs.

MAJOR EQUIPMENT

The equipment category includes all major equipment with a value of $50,000 or more. Examples include back-hoes, front-end loaders, trucks, tractors, forklifts, welding machines, utility trailers, diesel/electric generators, and Bailey Bridges.

FERRIES AND BOATS

Ferries and boats include all passenger and vehicle ferries as well as boats.

COMPUTER HARDWARE

Computer hardware consists of all equipment that can be considered a component of, is typically attached to, or communicates with an information system. The term encompasses processing units, memory apparatus, input and output devices, storage devices and connectivity equipment.

A computer hardware system or subsystem, or computer component with single-unit costs of $25,000 or more, should be capitalized.

A computer is an aggregation of potentially interchangeable, reusable, and independently operable components, thus the determination of whether its costs meets the capitalization threshold can be problematic. The unitary approach should be used. If a computer, through an assemblage of separate components, is intended to be used as a unit, it should, for capitalization purposes, be treated as a single asset.

The unitary approach should be extended to computers, file servers, and similar devices. It should not be extended to peripheral devices (workstations and printers) attached to local or wide area networks since each workstation or printer, though attached to and communicating with the network can, and is intended to be, operated independently.

COMPUTER SOFTWARE

The computer software category includes off-the-shelf software and any related upgrades and licences for this software.

CUSTOMIZED SOFTWARE

Customized software includes customized software systems that were developed "in house" or with the assistance of private-sector partners. Customized software systems are usually designed for a unique specific purpose.

Costs incurred to design, develop, and implement a computer system include direct costs. Direct costs include external costs (i.e., hiring an external consultant) and internal government costs (i.e., salary and ancillary costs related to the development of a system).

MOTOR VEHICLES

Vehicles that are used primarily for transportation purposes are included here. This includes passenger vehicles, such as automobiles, trucks, and vans. It also includes snowmobiles, boats, and motorcycles.

OWNED AMBULANCES

Provincially-owned ambulances are capitalized under this asset category.

BUSES

Provincially-owned school buses are capitalized under this asset category.

ROADS, BRIDGES, AND HIGHWAYS

Roads and highways includes all direct costs of construction including labour, materials, survey costs, project-specific design costs (e.g., route location, pavement, interchanges, environmental assessment and design, inspection costs, tendering costs, and tender construction costs).

Network design costs are excluded. Network design costs consist of the costs involved in planning and designing the overall highway system in Nova Scotia and are not considered to be tangible capital assets. Once the proposed highway has been determined, the costs involved in developing that highway would be capitalized under this policy.

Roads and highways are divided into three components to allow for different amortization rates as certain components of a highway have differing useful lives. New construction will include two components–substructure and paving. The third component will be repaving, which is tracked separately in its own class.

Bridges are structures of three or more metres in length that span and give passage over a waterway, deep valley, depression, or some other obstacle such as another transportation route. Some special bridges are defined according to function. An overpass allows one transportation route to cross over another without traffic interference between the two routes. A viaduct carries a railroad or highway over a land obstruction. Bridges include all direct costs of construction including labour, materials, survey costs, project-specific design costs (e.g., location, approaches, environmental assessment and design, inspection costs, tendering costs, and tender construction costs).

In certain instances, bridges are required to be replaced as stand-alone projects. In these situations, the Bridges (complete bridge replacement) category will be used.

ASSETS UNDER CONSTRUCTION

Some assets go through a period of construction before they are ready to be put into use. Costs related to assets under construction are accumulated in the asset under construction class and transferred to a regular asset class when the asset is ready for use. Assets under construction are not amortized. Separate asset under construction classes will be established as needed to correspond to the related asset class.

APPENDIX 12-C

Tangible Capital Assets

Accounting Policy - Thresholds and Amortization Rates

Classes

Class	Cost Thresholds*	Amortization Rate **
Land	0	n/a
Land Improvements (not associated with a building on-site)	250,000	5%
Buildings (Intital Purchase)	250,000	5%
Building Betterments (Renovations)	150,000	5%
Schools (Intital Purchase)	250,000	5%
School Betterments (Renovations)	150,000	5%
Portable Classrooms	50,000	30%
Leasehold Improvements	250,000	Lease Term (SL)
Capital Leases (various classes)	as per related class	Lease Term (SL)
Furniture, Equipment & Technology	250,000	30%
Utilities	250,000	15%
Wharves	250,000	5%
Major Equipment	50,000	20%
Ferries and Boats	250,000	15%
Computer Hardware	25,000	50%
Computer Software	250,000	50%
Customized Software	250,000	25%
Motor Vehicles	15,000	35%
Owned Ambulances	15,000	35%
Buses	15,000	20%
Road, Bridges, and Highways	combined threshold of 500,000	
- substructure		5%
- pavement		15%
- bridges		5%
Bridges (complete bridge replacement)	250,000	5%
Roads and Highways		
- Re-paving	500,000	15%
Assets under Construction (various classes)	as per related class	n/a

* The cost thresholds apply to the initial acquisition or construction costs, that is, the gross cost of the asset before any related cost-sharing recoveries.

** In the year of acquisition, amortization will be prorated from the month of purchase or the month in which the constructed asset is available for use.

Chapter 13: Capital Leases

13 Capital Leases

Policy Statement

It is the policy of the Province of Nova Scotia to report in its financial statements the province's capital lease obligations and related expenses.

Definitions

CICA
Canadian Institute of Chartered Accountants

CAPITAL LEASE
Under the terms and conditions of the lease, substantially all of the benefits and risks incident to ownership are, in substance, transferred to the government without necessarily transferring legal ownership.

LEASED TANGIBLE CAPITAL ASSETS
Non-financial assets that have physical substance and a useful life extending beyond an accounting period and are held under lease by a government for use, on a continuing basis, in the production or supply of goods and services.

NET PRESENT VALUE
Economic worth of a lease in terms of today's dollars. The future lease payments are discounted using the province's borrowing rate.

OPERATING LEASE
Under the terms and conditions of the lease, substantially all of the benefits and risks incident to ownership are, in substance, NOT transferred to the government.

PSAB
Public Sector Accounting Board

Policy Objectives

This objective of this policy is to define the measuring and reporting of the obligation for capital leases and a means by which to attribute the related costs to the periods in which the related costs are incurred.

Application

This policy applies to all capital leases of the consolidated fund.

Policy Directives

A lease is assessed as operating or capital based on the recommendations and guidelines of the *CICA Handbook* and PSAB.

In the case of an operating lease, lease payments are expensed in the period for which they are payable, regardless of cash flow (accrual accounting).

In the case of a capital lease, the obligation is recorded when incurred at the net present value of the future lease payments. As payments are made, the allocation between principal repayment and interest costs should be recorded in a rational manner over the term of the lease. It is preferable to calculate the principal and interest amortization schedules at the beginning of the lease to be used for recording and budgeting for the principal repayment amount and interest expense in future years.

Policy Guidelines

A capital lease is explained by the Canadian Institute of Chartered Accountants (CICA) Handbook, Section 3065.03 as " a lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee." Section 3065.06 provides further guidance as follows:

> From the point of view of a lessee, a lease would normally transfer substantially all of the benefits and risks of ownership to the lessee when, at the inception of the lease, one or more of the following conditions are present:
>
> a) There is reasonable assurance that the lessee will obtain ownership of the leased property by the end of the lease term. Reasonable assurance that the lessee will obtain ownership of the leased property would be present when the terms of the lease would result in ownership being transferred to the lessee by the end of the lease term or when the lease provides for a bargain purchase option.

b) The lease term is of such a duration that the lessee will receive substantially all of the economic benefits expected to be derived from the use of the leased property over its life span. Although the lease term may not be equal to the economic life of the leased property in terms of years, the lessee would normally be expected to receive substantially all of the economic benefits to be derived from the leased property when the lease term is equal to a major portion (usually 75% or more) of the economic life of the leased property. This is due to the fact that new equipment, reflecting later technology and in prime condition, may be assumed to be more efficient than old equipment which has been subject to obsolescence and wear.

c) The lessor would be assured of recovering the investment in the leased property and of earning a return on the investment as a result of the lease agreement. This condition would exist if the present value, at the beginning of the lease term, of the minimum lease payments, excluding any portion thereof relating to executory costs, is equal to substantially all (usually 90% or more) of the fair value of the leased property, at the inception of the lease.

In view of the fact that land normally has an indefinite useful life, it is not possible for the lessee to receive substantially all the benefits and risks associated with its ownership, unless there is reasonable assurance that ownership will pass to the lessee by the end of the lease term.

If the leased asset qualifies as a tangible capital asset (refer to *Chapter 12:* Tangible Capital Assets), then the asset is recorded in SAP Asset Management system at an amount equal to the net present value of the future lease payments. An amount equal to the net present value of the future lease payments is recorded as a capital lease obligation (debt). Any lump sum payment made at the beginning of the lease is added to the asset value as well.

If the asset does not qualify as a tangible capital asset, the net present value of the future lease payments is expensed and the capital lease obligation is recorded. Any lump sum payment made at the beginning of the lease is also expensed.

Accountability

Departments are responsible for identifying their capital lease arrangements and notifying Government Accounting of capital lease obligations as they are considered and arise. The department will work with Treasury Services to establish arrangements for payment processing and principal/interest allocations.

Government Accounting is responsible for ensuring that any identified capital lease obligations and expenses are initially assessed in an appropriate manner and accurately reflected in the Public Accounts of the Province. Government Accounting will prepare or help prepare the capital lease obligation amortization schedule for purposes of allocating the payments to principal and interest.

Treasury Services is responsible for adjusting the accounts for the principal repayment portion of capital lease payments, recording the related interest expenses, and reconciling the remaining obligation values. Treasury Services will provide required discount rates for the assessment of capital lease repayment schedules.

Monitoring

Government Accounting will monitor the policy's implementation, performance, and effectiveness.

References

CICA Handbook

PSAB Accounting Guideline PSG-2 Leased Tangible Capital Assets, April 2000

Enquiries

Director, Government Accounting, Department of Finance (902) 424-7021.

Approval date: July 5, 2001
Approved by: Minister, Department of Finance

Manual release date: January 9, 2003
Most recent review:

Chapter 14: Accounts Payable

14.1 Accounts Payable

Policy Statement

The purpose of the policy is to set government-wide standards for accounts payable management and to create a government-wide framework that can be used to establish procedures for individual departments.

Policy Objective

The objective of the policy is to establish a framework that will lead to procedures that are consistent across all government departments yet flexible in order to deal with a variety of situations in the most efficient and effective manner possible to facilitate prudent cash management practices.

Application

The policy applies to all users of the government's Accounts Payable module of SAP to enter its expenses and record liabilities.

Policy Directives

ROLES AND RESPONSIBILITIES

Each department initiates payment processing for the purchase of its own goods and services by the day-to-day entry of accounts payable invoices. Government Accounting is responsible for printing and mailing disbursements to vendors on the behalf of the Province of Nova Scotia. The Payment of Accounts Section, Government Accounting, provides a central payment of accounts system for government, which makes disbursements of accounts and cheque mail-out processes a central function.

Inquiries relating to the outstanding balances of accounts payable accounts are to be directed to the accounts payable section of the departments involved.

TRANSACTION CODING

The transaction coding process is a key accounts payable function. Expenditures are to be recorded in a consistent manner across departments to ensure that account coding reflects accurately the nature of the transaction, regardless of other issues such as budgetary funding or payee. A data dictionary (see Chapter 6.3) has been developed to help define how government expenditures should be coded. Also, supplement coding needs to be accurate to facilitate legislated reporting in the Public Accounts.

DISCOUNTS

It is government policy to take and record all vendor discounts available through accounts payable invoicing. Discounts not taken are to be recorded as discounts lost by each department and then cleared to the applicable expense account.

MONTH END PROCEDURES

Departments are responsible for entering the accounts payable invoices on a timely and accurate basis so that expenditures are recorded within the same time frame as they are incurred. Accounts payable invoices that are not processed within the required cut-off dates are to be reviewed for significance and accrual entry, if appropriate, by the applicable financial authority for each department. The intent of this directive is to ensure that the accounts payable function supports the timely and accurate reporting of government liabilities for the expenditure reporting periods, i.e., month-end and year-end.

Government Accounting advises departments of the accounts payable cut-off dates, by way of an annual memorandum. For information purposes, the cut-off date is normally the fifth working day of the following month. Accounts payable cut-off has been separately defined in Chapter 6.2 Month End/Year End Procedures.

VENDOR MASTER FILE

Vendor master file records will be maintained centrally. This reduces database storage requirements as well as duplication of vendor records. All departments will access the central records and will request additional vendor master records to be set up as needed. (See Chapter 14.2 Vendor Master File Policy and Procedures).

SEGREGATION OF DUTIES

For internal control purposes, staff that are responsible for processing accounts receivable must not handle or be responsible for the processing of accounts payable payments.

INTEREST ON VENDOR ACCOUNT

It is government policy not to pay interest to any vendors for overdue account balances.

RECONCILIATION

At least annually, Government Accounting will compare interdepartmental accounts receivable and accounts payable on a government-wide basis. Departments will be notified of any significant differences and will be asked to resolve the differences.

CFMS - ACCOUNTS PAYABLE SYSTEM OVERVIEW

The individual components of the SAP system used to process accounts payable are identified as activities

CC1A0100	Maintain vendor master file
CC1A0200	Maintain one-time vendors
CC1B0100	Process invoices and cheque requisitions without purchase order
CC1B0200	Process credits
CC1B0300	Process invoices and cheque requisitions with purchase order
CC1B0400	Process progress payments
CC1B0500	Process holdbacks
CC1B0600	Process advances
CC1B0700	Process U.S. funds documents
CC1B0800	Schedule A/P voucher load
CC1B0900	Process one-time vendor documents
CC1C0100	Process purchase order commitments
CC1C0200	Process commitment reliefs
CC1C0300	Process commitment suspense
CC1C0400	Process recurring payments
CC1C0500	Process commitment adjustments
CC1C0600	Produce cheques for recurring payments
CC1C0700	Perform year-end commitment procedures
CC1C0800	Create posting documents from recurring documents
CC1D0100	Issue manual cheques
CC1D0200	Issue system cheques
CC1D0300	Issue foreign drafts
CC1E0100	Reconcile accounts payable control account
CC1F0100	Cancel cheques
CC1G0100	Close A/P
CC1G0200	Archive files
CC1G0300	Issue T4As
CC1G0400	Process AGR-1(A) forms (Dept of Agriculture and Fisheries)
CC1G0500	Generate reports
CC1H0100	Update advances and travel details
CC1H0200	Produce confirmation letters/utilization reports
CC1H0300	Produce reminder notices for temporary advances
CC1H0400	Maintain car allowance information
CC1H0500	Perform file maintenance
CC1H0600	Perform month-end procedure
CC1I0100	Administer procurement card system

Accountability

Government Accounting is responsible for setting the objectives of the policy. Those who use SAP to record accounts payable are required to implement the objectives of the policy document.

Monitoring

Government Accounting will monitor the policy for compliance and changes as required

Enquiries

Accounts Payable Processing, Government Accounting, Department of Finance

(902) 424-6626

Approval date: July 5, 2001	*Manual release date: January 9, 2003*
Approved by: Minister, Department of Finance	*Most recent review:*

14.2 Vendor Master File Policy and Procedures

Policy Statement

The purpose of this policy is to maintain an accurate database on vendor master files within the accounts payable section of the CFMS. This policy was created in order to maximize efficiency within the AP function so that occurrences of duplicate vendors and vendor information inaccuracies are avoided. This policy will define the procedures for requesting, creating, and maintaining the vendor master files.

Application

This policy applies to all SAP user departments, agencies, boards, commissions, and Crown corporations of the province using the SAP system for settlement of their vendor accounts.

Definitions

SAP
The province's integrated financial software modules

CFMS
Corporate Financial Management System

AP
Accounts payable

Accountability

Government Accounting Division, Department of Finance, is responsible for the creation and maintenance of the accounts payable vendor master files within SAP.

Government departments are responsible for ensuring that the files are well searched before requesting new vendor creations to avoid duplicate requests.

Monitoring

Government Accounting will monitor the application of the AP policy on vendor master files for value-added changes as required.

Policy Directives

Vendor Create/Change Authorization
Vendor Master Search
Vendor Request to Create/Change/New
Vendor Block Request
Vendor Delete Request
Standard Abbreviations
Standard Guidelines

VENDOR CREATE/CHANGE AUTHORIZATION

Each department/agency, etc., must submit a completed Vendor Create/Change Authorization form (Appendix 14-A) to the Government Accounting Division, Department of Finance, which will identify the individuals who have been given authority to request create/changes to the SAP vendor master files. Departments are responsible for ensuring that revised authorization forms are submitted to the Department of Finance whenever a change is warranted. Government Accounting will maintain a log of all active authorizations and will request confirmations and replacements (if necessary) on a regular basis. Authorized designations will be at the department's discretion. A director's approval must be personally signed (not typed) by the director.

VENDOR MASTER SEARCH

The following path in SAP should be used to locate vendors that are on file:

> Accounting > Financial accounting > Accounts payable > Master records > Display

Vendor files can be searched using any one and/or combination of data fields found on the value range for search screen. User-conducted searches, which can be by name, by postal code, and by social insurance number (when appropriate), must be carried out before the Vendor Create Request form is completed for a new vendor. For further information refer to the CFMS training manual, AP section.

VENDOR REQUESTS

Vendor Create Request

Once all the possible search opportunities have been completed, departmental AP staff may complete the Vendor Create Request form (Appendix 14-B). The completed form must be signed by an individual who is authorized according to the Vendor Create/Change Authorization procedures above. Any requests received that are not properly authorized will be returned for resubmission. Each request for a new vendor create **must** be accompanied by a copy (do not send originals) of an invoice/requisition or letterhead to verify the create information. If there is a vendor account for which you always enter a payment method supp code (return to code), the vendor master file has a field that can be populated, and it will automatically transfer to that field during invoice entry.

This should be used only for vendors that are used only by your department such as employee or certain one-time vendors. Completed forms may be submitted to the vendor master via interdepartmental mail or by fax at (902) 424-2777.

Vendor Change Request

If a vendor is already on file but a change in the data is warranted, complete a Vendor Change Request form (Appendix 14-C). The completed form must be signed by an individual who is authorized according to the Vendor Create/Change Authorization procedures above. Any requests received that are not properly authorized will be returned for resubmission. Each request for a change of vendor information **must** be accompanied by a copy (do not send originals) of an invoice/requisition or letterhead to verify the revised information. Completed forms may be submitted to vendor master via interdepartmental mail or by fax at (902) 424-2777. Government Accounting, upon the receipt of a properly authorized Vendor Change Request form and appropriate documentation, will revise the vendor master file as necessary.

Create New Vendor File

Government Accounting, upon the receipt of a properly authorized Vendor Create Request form and appropriate supporting documentation, will conduct a search of the vendor master file to verify that a new vendor is necessary. The new vendor can be created by selecting

Accounting > Financial accounting > Accounts payable > Master records > Create.

VENDOR BLOCK REQUEST

Vendors may be blocked for posting by the Government Accounting Division of the Department of Finance, the most common reasons being vendor duplication and third party demands. Before any vendor is blocked, an examination should be done to see if there are any open items in the vendor file and to determine, based on the reason for blocking, if the vendor should be blocked before or after the next cheque run. To block a vendor for posting, use the menu path

Accounting > Financial accounting > Accounts payable > Master Records > Block/unblock.

Note: To unblock a previously blocked vendor, follow the above steps and remove the check mark from the posting block field, change the Search term description, and delete the AP text data. For further information refer to AP section of CFMS training manual.

VENDOR DELETE REQUEST

Only SAP programing staff have the ability to actually delete vendor files from the system on the request and authorization from Government Accounting. Only files without transactions posted against them should be flagged for deletion, and these vendor masters should also be "blocked" so no transactions can be entered between the date they are flagged and the date they are deleted. To flag a vendor master file for deletion, use the following menu path:

Accounting > Financial accounting > Accounts payable > Master Records > Mark for deletion.

STANDARD ABBREVIATIONS

If the vendor name ends with:

NOTE: *If these words are **not** at the end of the vendor's name, the word should be typed in full. There are no periods after these abbreviations.*

Term	Abbrev	Term	Abbrev
Association	Assoc	Department	Dept
Company	Co	Incorporated	Inc
Company Limited	Company Ltd	Limited	Ltd
Corporation	Corp	Society	Soc

For address:

NOTE: *In the street field, there are no periods after these abbreviations.*

Avenue	Ave	Building	Bldg
Boulevard	Blvd	Centre	Ctr
Circle	Cir	Floor	Fl
Court	Crt	Room	Rm
Crescent	Cres	Site	Site
Highway	Hwy	Suite	Ste
Lane	Lane	Unit	Unit
Place	Pl	Compartment	Comp
Road	Rd	Station	Stn
Street	St	Parkway	Pky
Terrace	Terr	Post Office Box	PO Box
Subdivision	Subdiv	Rural Route	RR#
Drive	Dir	Apartment Number	Apt#
Way	Way	Third Floor	3rd Fl
Square	Sq	Suite No. 100	Ste#100
Apartment	Apt	Station A	Stn A

For individuals with titles:
NOTE: *These titles will be before the given name with no periods used.*

Doctor	Dr	Reverend	Rev
Honourable	Hon	Sister	Sister

For directions:

North	N	Northwest	NW
South	S	Southeast	SE
East	E	North Northeast	NNE
West	W	etc.	

STANDARD GUIDELINES

- All names and addresses are to be typed in all capital (upper case) letters.
- The name field (four lines) is to include only the vendor's name. No part of the address is to appear in the name field under any circumstances.
- All payments made to the federal government are made payable to the Receiver General. However for Supplement to the Public Accounts purposes the area of government is reported, and therefore these transactions must be supplementary coded. To assist the users in selecting the proper supp code, the text field should contain the corresponding supplement code to use.
- When requesting a vendor for a legal firm/lawyer "in trust" for an individual or company, the vendor should be created in the name of the Legal firm/Lawyer "in trust" only, and the name of the individual or company can be entered in the Line Item Text field during data entry or documented in an accompanying letter with the cheque.
- When a vendor is created for an individual, the first and last names are essential. Additional names should also be provided when possible to avoid duplication, but under **no** circumstances will the vendor be created using only initials and the last name. The Social Insurance Number is also required if you are making taxable benefit payments.
- When "Nova Scotia" appears in a vendor's name, it will be printed in full (no abbreviations).
- When the word "and" appears in a vendor's name, it will be typed in full unless the symbol (&) appears in the company's invoice/letter, in which case the symbol will be used in the vendor master. Vendor masters created for joint payees will have "and" typed in full between the two names.
- When entering an individual's name in the vendor master, use of initials will be acceptable only for the second, third, etc., names (first and last names must be complete). These initials will have spaces between them with no periods.

Appendices

14-A Vendor Create/Change Authorization
14-B Vendor Create Request
14-C Vendor Change Request

Enquiries

Accounts Payable Processing, Government Accounting
Department of Finance
(902) 424-6626

***Approval date:* July 5, 2001**	***Manual release date:* January 9, 2003**
***Approved by:* Minister, Department of Finance**	***Most recent review:***

Appendix 14-A

Department of Finance
Government Accounting Division

VENDOR CREATE/CHANGE AUTHORIZATION

Name of Department/Agency	
Business Area No.	

The following people are hereby authorized to request vendor creates and changes for the above-mentioned department/agency.

Employee Name	Authorization Period		Signature
	From	To	

Director's Approval ____________________

Date ____________________

Submit to:
Vendor Master
Department of Finance
Government Accounting Division
5th Floor, Provincial Building

Appendix 14-B

NOVA SCOTIA

Department of Finance

VENDOR CREATE REQUEST

REQUESTING DEPT:

REQUESTED BY:

Contact Name

Contact Phone No.

Contact Fax No.

COMPANY CODE

☐ Prov of NS (NSPG)
☐ Pensions (PENS)

ACCOUNT GROUP

☐ Company (ZCOM)
☐ Employee (ZEMP)
☐ Individual (ZNEM)
☐ One-time (ZONE)
☐ Supplement (ZSUP)
☐ Foreign (ZFOR)
☐ Pension (ZPEN)

Payment method supl.
☐ (if applicable)

Vendor Name:
Mailing Address:
Street Address:
City:
County:
Postal Code:
Province/State:
SIN:
Contact Name:
Contact Phone:
Contact Fax:
Contact E-mail:
Payment Terms:
Order Currency:
Country:

PURCHASE ORDER ADDRESS (If different from above):

Mailing Address:
City:
County:
Postal Code:
Province/State:
Contact Fax:

Departmental Authorization:
Date:

For Government Accounting Use Only

Source Document Verified
Date Changed
Initials
Vendor Code

Appendix 14-C

NOVA SCOTIA

Department of Finance

VENDOR CHANGE REQUEST

REQUESTING DEPT:

REQUESTED BY:

Contact Name

Contact Phone No.

Contact Fax No.

COMPANY CODE

☐ Prov of NS (NSPG)
☐ Pensions (PENS)

ACCOUNT GROUP

☐ Company (ZCOM)
☐ Employee (ZEMP)
☐ Individual (ZNEM)
☐ One-time (ZONE)
☐ Supplement (ZSUP)
☐ Foreign (ZFOR)

VENDOR CODE
TO BE CHANGED

Revised Information:

Vendor Name:
Mailing Address:
Street Address:
City:
County:
Postal Code:
Province/State:
SIN:
Contact Name:
Contact Phone:
Contact Fax:
Contact E-mail:
Payment Terms:
Order Currency:
Country:

PURCHASE ORDER ADDRESS (If different from above):

Mailing Address:
City:
County:
Postal Code:
Province/State:
Contact Fax:

Departmental Authorization:

Date:

For Government Accounting Use Only:

Source Document Verified

Date Changed

Initials

14.3 Foreign Currency Payments

Policy Statement

It is government policy to record foreign currency payments for accounts payable transactions through Government Accounting, Department of Finance. These payment types may not be processed at the department level.

Definitions

FOREIGN CURRENCY PAYMENTS

Foreign currency payments for accounts payable are defined as payments in any currency other than Canadian dollars.

Policy Objective

The purpose of this policy is to communicate the procedures in place for processing foreign currency payments through Government Accounting for settling government accounts in currencies other than Canadian dollars.

Application

This policy applies to those who use the government's CFMS/SAP to process vendor payments in a foreign currency.

Accountability

Government Accounting is responsible for processing the request to pay in foreign currency. Departments are responsible for sending the approved invoice to Finance for payment action.

Policy Directives

All properly approved invoices that are to be paid in a currency other than Canadian or U.S. dollars must be sent to Government Accounting. Government Accounting will obtain the bank draft and make all necessary entries in CFMS/SAP to record the invoice and any foreign exchange adjustments. The original documentation will be returned to the originating department for filing.

If the invoice is in a currency not issued by the province's bank, the department must negotiate with the vendor for an acceptable alternative currency as means of payment.

All foreign drafts that are no longer required must be sent to the Government Accounting for cancellation and reimbursement of funds.

If departments feel that a wire transfer in foreign currency is required, they must make their own arrangements with the bank.

Monitoring

Government Accounting will monitor the policy's implementation, performance, and effectiveness.

Enquiries

Accounts Payable Processing, Government Accounting
Department of Finance
(902) 424-6626

Approval date: July 5, 2001 *Manual release date: January 9, 2003*
Approved by: Minister, Department of Finance *Most recent review:*

14.4 Third Party Demand Payment

Policy Statement

It is the policy of the Province of Nova Scotia to comply with orders for third party demand payments from any payments being made.

Definition

THIRD PARTY DEMAND

A third party demand is a requirement for a vendor's payment to be redirected to a third party in settlement of a court order, Canada Customs and Revenue Agency (CCRA) debt, or other amounts that are properly authorized.

Policy Objective

The purpose of this policy is to set government-wide standards for the management of third party demands placed upon vendors used by the province.

Application

This policy applies to all those who use the government's CFMS/SAP to process accounts payable vendor transactions.

Policy Directives

All official third party demands should be submitted to Government Accounting. Paperwork required to be submitted includes the court order, Canadian Customs and Revenue Agency request for payment redirection, or other such demand notices. Government Accounting will ensure that the appropriate master vendor files are blocked with instructions for payment redirection included in the text field of the master file, along with a contact name and phone number for further assistance and instruction. Originating departments must submit copies to Government Accounting of all invoices that they have entered in SAP for settlement of accounts under third party demands.

All cheques issued under these demands will be released by the Government Accounting, and all vendors will be notified in writing that their account(s) has been settled by cheques redirected to third parties.

Accountability

Government Accounting is responsible for the proper disbursement of funds under demands officially placed by third parties.

Monitoring

Government Accounting will monitor the policy for implementation, performance, and effectiveness.

Enquiries

Accounts Payable Processing, Government Accounting
Department of Finance
(902) 424-6626

Approval date: July 5, 2001	*Manual release date: January 9, 2003*
Approved by: Minister, Department of Finance	*Most recent review:*

14.5 Taxable Benefits and Issuance of T4As

Policy Statement

It is the policy of the Province of Nova Scotia to comply with Canada Customs and Revenue Agency (CCRA) rules and regulations.

Policy Objectives

The purpose of this policy is to provide guidance for the consistent application of CCRA rules and regulations for taxable benefits and the issuance of T4As.

Application

This policy applies to all departments, agencies, boards, commissions, and Crown corporations of the province for payments made outside of normal salary arrangements. This includes payments made by the province to an individual in their own name or payments to third parties on behalf of the individual. Individuals include ministers, deputies, MLAs, permanent employees, casual employees, and non-employees.

Policy Directives

Issuance of T4As provides individuals with verification of amounts to report as income on their tax returns. All taxable payments should be T4A coded, but a T4A will be issued only for cumulative taxable payments greater than $500 or when income tax has been withheld from a payment. There is no requirement to withhold income tax from taxable benefit payments.

Severance and retirement agreements cannot supercede CCRA rules. Each payment must be evaluated based on the intent and purpose of the payment. The agreement may contain both taxable and non-taxable payments.

The full amount of HST paid on a taxable benefit payment must be included as part of the benefit reported on a T4A. The reasoning is that an individual would have paid 100% of the fee plus any HST if they had paid the fee personally. Therefore the true benefit is the full tax-included total.

When an accounts payable document is entered, the T4A code must be entered on the **Accounts Payable line 31**. (This code triggers the record to be included in the T4A reports and year-end data file.) (See Appendix 14-D for table of codes.)

T4As must be produced and mailed by the end of February each year. Any mail returned due to incorrect or outdated addresses should be sent to Government Accounting to be held until the person calls looking for their form. The departments are not required to search for new addresses for these people.

Each individual taxpayer is responsible for preparing a complete and correct income tax return each year. Any amounts not reported by T4A must still be claimed appropriately by the individual. In some cases, the individual will have a receipt for tax deduction purposes that will offset against any income reported on a T4A.

Taxable benefits and payments are made throughout the year. Those paid through either payroll or accounts payable must be coded in such as way as to flag the payment. Payroll's computer system will generate T4 and T4A slips accordingly for those items processed by payroll. A T4A will be prepared after each calendar year-end by Government Accounting for any accounts payable payments qualifying as taxable benefits or taxable payments. The financial divisions of departments will issue or mail the T4As on or before the February 28 deadline.

Payments made in accordance with special agreements, such as severance contracts or Early Departure Incentive Program, will be subject to those regulations as set by CCRA.

Accountability

GOVERNMENT ACCOUNTING, DEPARTMENT OF FINANCE

Government Accounting, Department of Finance, is responsible for

- developing and communicating a sound and appropriate policy
- updating the policy for changes in tax rules
- preparing T4As by mid-February for all T4A-coded payments processed through the accounts payable system
- delivering T4As to departments for issuance or mailing
- filing the required T4A information with CCRA
- responding to directors of finance about any unresolved questions or issues

PAYROLL SERVICES, DEPARTMENT OF FINANCE

Payroll Services, Department of Finance is responsible for

- coding taxable payments made via the payroll system
- producing T4s and T4As on or before February 28 for any taxable payments processed through the payroll system
- distributing T4s/T4As to departments for issuing to employees
- mailing T4As to retirees

DEPARTMENTS, CROWN CORPORATIONS, AGENCIES, BOARDS AND COMMISSIONS

Departments, Crown corporations, agencies, boards, and commissions are responsible for

- identifying payments as taxable
- entering a T4A code on the accounts payable record
- notifying the recipient of the taxable nature of the payment
- running reports of T4A-coded data for review
- reviewing reports of T4A-coded data and noting all errors for correction
- correcting coding errors and omissions
- issuing or mailing T4As on or before February 28
- responding to managers'/staff questions, problems, and concerns arising from this issue
- notifying Government Accounting Division of any questions or issues that cannot be resolved by their director of finance or managers

Monitoring

Government Accounting, Department of Finance, and the finance divisions of all departments are responsible for ensuring compliance with this policy.

Internal Audit Division is responsible for monitoring departments' compliance with this policy.

References

Canada Customs and Revenue Agency, Halifax Office

Employers' Guide to Payroll Deductions, Taxable Benefits

Canada Income Tax Act

Enquiries

Accounts Payable Processing, Government Accounting, Department of Finance

(902) 424-6626

Payroll Services, Department of Finance (902) 424-5902

Appendix

Appendix 14-D Taxable Payments

Approval date: July 5, 2001	*Manual release date: January 9, 2003*
Approved by: Minister, Department of Finance	*Most recent review:*

Appendix 14-D

Taxable Payments

Tax Code/Description

04 **RESEARCH GRANTS**

Payments made outside normal salary arrangements to assist in research projects.

05 **FEES FOR SERVICE**

Fees for service rendered, not covered by salary arrangements. Some recipients will have already prepared their taxable income information including the T4A amount. They need only make note of this for CCRA and show where the income has been included on their tax return. The amount should not be reported twice.

Individuals who provide services and bill by invoice are considered to be self-employed. As a result, they are responsible for accounting for their income accordingly, since no T4A will be issued.

07 **BOOKS, SUPPLIES**

Reimbursement of cost of books or supplies used for courses.

08 **COURSE FEES**

Tuition fees paid to or on behalf of an employee or their children for a designated post-secondary institution (university, community college, etc.) A receipt for tax purposes (T2202) will be issued by the institution to the student and can be used as a deduction from income on their tax return.

Courses taken to maintain or upgrade employer-related skills are primarily for the **benefit of the employer,** as long as the employee remains for a reasonable amount of time after the course is completed. Other business-related courses, although they may not be directly related to the job, often **benefit the employer** too. The fees in these situations are not a taxable benefit.

Personal interest or technical courses not related to your business are taken for the **employee's benefit**. Fees paid for such courses are taxable benefits.

09 PROFESSIONAL DUES

Membership fees reimbursed or paid on behalf of an employee represent a taxable benefit unless the membership is a condition of employment. The condition of employment terms may be formally documented in a job description. If not, it becomes a judgment call by the department considering if it is reasonable for the employee to have the membership to support their skill set. Memberships are required by law for some practising professionals (e.g., CA, CMA, CGA, PEng, lawyer). For example, a lawyer's dues are not taxable, but a golf membership is taxable. Individuals may not claim any related tax deduction for dues if the income (fee reimbursement) has not been claimed.

10 PERSONAL EXPENSES

Free board and lodging, or lodging that is provided at an unreasonably low rate.

11 TRAVEL ALLOWANCE

Payment made to an employee as a fixed allowance amount instead of a reimbursement of actual travel expenses. For those individuals who require a vehicle to perform their job duties, a form (T2200 Declaration of Conditions of Employment) is issued by the financial services divisions in departments to verify this arrangement. This form allows some of the business-use portion of the vehicle expenses (gas, maintenance, depreciation, etc.) as deductions to offset the allowance income claimed. If paid through payroll the T4 will be issued by Payroll Services Division.

12 PARKADE PARKING

Parking space fee paid to or on behalf of the person to a third party (does not include the situation where an employee normally requires their vehicle to perform their daily job functions).

12 PARKING LOTS

Parking spaces for ministers, deputies, and employees in a parking lot maintained by the employer, whether the land is owned or leased. The benefit should be assessed on an individual basis as the fair market value (FMV) of the parking, even if the departments are not charged for the parking in any way. In most rural areas of the province, parking is generally free, so the FMV of the parking benefit is $0. In Halifax/ Dartmouth, the FMV of parking can range between $60 and $100, so the benefit should be assessed accordingly. This does not include the situation where an employee normally requires their vehicle to perform their daily job functions. For consistency and fairness, a standard benefit rate of $70 per month should be assessed for assigned parking lots.

13 **EQUIPMENT RENTAL**
Payment for use of personally owned equipment used on the job (e.g., chain saw used a forestry job site).

15 **FEES TO ELECTION WORKERS (INCOME)**
Fee paid to non-employees as remuneration for working at a provincial election.

16 **FEES TO ELECTION WORKERS (ALLOWANCE)**
Fee paid to non-employees as remuneration for working at a provincial election.

21 **HONORARIUM**
This fee is paid as a reward for services provided. If paid to an employee, it is considered part of their employment income and is a taxable benefit. If paid to non-employees, it is considered self-employment income and also should be T4A coded.

22 **BOARD FEES/STIPENDS**
Agreed fee to be paid to non-employees for attendance at board meetings or paid for service provided.

23 **SCHOLARSHIPS, GRANTS, BURSARIES**
Paid to students to enable them to pursue their education and earn a degree, diploma, or other certificate of graduation. May be used by the student at a post-secondary level such as university, college, technical institute, etc., or in pursuit of a trade, academic discipline, or professional program. (This tax code does not include allowances for books or supplies or living expenses.)

99 **OTHER**
This code to be used only for those taxable benefits not covered by codes above. Include details in the description field.

Some taxable benefits and payments, other than salaries, are reported by Payroll Services Division including the following

VEHICLE BENEFIT
Personal use of an employer-owned or -leased vehicle results in a taxable benefit. Personal use includes travel between home and work, driving for personal use, vacation trips, having the keys in your possession after work hours so that the vehicle is available to you. Any portion of expenses reimbursed to the province will reduce the amount of benefit taxable to the individual.

TRAVEL ALLOWANCE

Flat rate amount paid on regular biweekly pay cheques.

Note: If the travel allowance paid to an employee is a combination of flat-rate and reasonable per-kilometre allowances, only the flat-rate portion is taxable.

14.6 Cheque Cancellation and Stop Payment

Policy Statement

The purpose of this policy is to set government-wide standards for the handling of cheque cancellation and stop-payment requests on cheques that have been issued by the province.

Accountability

The Liability Management and Treasury Services Division of the Department of Finance is the only body that can place stop-payment requests at the banks, and Government Accounting processes the cheque cancellation in SAP.

Policy Directives

STOP PAYMENT

When an issued cheque requires bank intervention to ensure that it is not cashed, these steps must be followed to place a stop payment on the cheque:

1. A complete stop-payment request must be submitted on the prescribed form (Appendix 14-E) to the Liability Management and Treasury Services Division, Department of Finance, by the department that originally entered the documents that produced the cheque.
2. Liability Management and Treasury Service will confirm that the cheque is outstanding and prepare and submit the necessary documentation to the bank for the formal placing of the stop payment.
3. Once confirmation is received from the bank, the stop-payment request will be sent to Government Accounting where the cheque will be cancelled in CFMS/SAP.
4. Depending on the instructions with the stop-payment request, the original document will be either left in the open status for cheque re-issue or reversed if a replacement cheque is not required.

CHEQUE CANCELLATION

When a department has possession of a cheque and needs to have that cheque cancelled, these steps must be followed:

1. Authorized requests for cheque cancellations must be submitted on the prescribed form (Appendix 14-F) to the Government Accounting, Department of Finance, by the department that originally requested the cheque.
2. The request must be accompanied by the original cheque and must clearly state the reason for cancellation and whether or not a replacement cheque is to be issued.
3. Government Accounting will cancel the cheque in CFMS/SAP and either replace the cheque or reverse the original document if a replacement is not required. The posting date must be manually entered into the date field in CFMS/SAP and be equal to the date on which the cheque cancellation is being done.
4. Government Accounting Division will determine the appropriate account to credit for cheques that will not be replaced, based on the fiscal year and the account number upon which the original cheque was drawn.

Application

The stop payment and cheque cancellation policy applies to all those who use the government's CFMS/SAP to record its accounts payable vendor payments.

Monitoring

Government Accounting will monitor the policy.

Enquiries

Accounts Payable Processing, Government Accounting
Department of Finance (902) 424-6626

Appendix

Appendix 14-E Stop-Payment Request Form
Appendix 14-F Cheque Cancellation Form

Approval date: July 5, 2001
Approved by: Minister, Department of Finance

Manual release date: January 9, 2003
Most recent review:

Appendix 14-E

Document Number	

Department of Finance
Stop-Payment Request Form

COMPLETE ALL AREAS

To	Manager Banking and Debt Services, Treasury Services		
From: Title		Phone	
Date		Department/Division	

	Please issue a stop payment and credit to account charged for cheque listed below	☐
	or	
	Please issue a stop payment and replacement for the cheque listed below	☐
(If no preference selected, cheque will be returned to address above)	Send replacement cheque to address above	☐
	or	
	Send replacement cheque to address on cheque	☐
	or	
	Hold in Treasury Services for pickup	☐

Authorized by	Print Name	
	Signature	

Cheque Info Payee		Document No.	
Vendor Account		Cheque Number	
Cheque Amount		Cheque Date	

Employee	Yes		No		Casual		Full-Time Civil Servant	

Finance Use Only

Outstanding to		Stop Payment Issued	
Authorization by Treasury Services to Replace Cheque			
Received by Accounts Payable		Date Received	
Replacement Cheque Number		Replacement Cheque Date	
Replacement Cheque Amount		Replacement Document #	
Cancelled Document Number			
Per: Accounts Payable			

Appendix 14-F

Province of Nova Scotia

Return of Cheques for Cancellation

				Document Number for Cancellation	
TO	Department of Finance		Accounts Payable Section	FROM	
			Payroll Services Section	DEPT	
Authorization for Cancellation				Date	

DESCRIPTION

Business Area	Document Number	Cheque Date DD/MM/Year	Cheque Number	Payee	Vendor Account

Reason for Cancellation

To be cancelled and credited back		To be cancelled and re-issued	

Acknowledgement of Return of Cheques for Cancellation

Document Number for Crediting Back					
Department of Finance—Accounts Payable	Date		Per		

Appendix 14-F

Province of Nova Scotia

Return of Cheques for Cancellation

Document Number for Cancellation	

TO	Department of Finance		Accounts Payable Section	FROM	
			Payroll Services Section	DEPT	
Authorization for Cancellation				Date	

DESCRIPTION

Business Area	Document Number	Cheque Date DD/MM/Year	Cheque Number	Payee	Vendor Account	

Reason for Cancellation

To be cancelled and credited back		To be cancelled and re-issued	

Acknowledgement of Return of Cheques for Cancellation

Document Number for Crediting Back					
Department of Finance—Accounts Payable	Date		Per		

14.7 Stale-Dated Cheques

Policy Statement

It is the policy of the Province of Nova Scotia to cancel cheques as they become stale dated.

Definitions

STALE-DATED CHEQUE

A cheque becomes stale dated six months after the date printed on the cheque.

Policy Objective

The purpose of this policy is to set government-wide standards for the handling of stale-dated cheques that have been issued by the province. This policy will allow for the issuance of replacement cheques on a timely basis or cancellation of those cheques no longer required.

Application

The stale dated cheque policy applies to all those who use the government's CFMS/ SAP to record its accounts payable vendor payments.

Policy Directives

Government Accounting periodically reviews the list of outstanding cheques in consultation with departments looking for the stale-dated cheques. These cheques are reversed. The original AP document is left in open status for cheque re-issue or reversed if a replacement cheque is not required. If the cheque is not re-issued, current year payments are reversed to the department's expense accounts in the current year. Those cheques from a prior year are reversed and credited to prior years' recoveries.

Cheques in U.S. funds will be treated the same as Canadian funds cheques. A journal entry will be processed by Government Accounting to clear the foreign exchange gain or loss, to either prior year's recoveries or current year accounts as appropriate.

Government Accounting will download the outstanding cheque information into a report, noting the business area for each cheque, during the cancellation process. This report will then be sorted by business area and distributed to the department as notification of cheques that have been cancelled.

Departments may request a cheque to be re-issued after cancellation. Departments will have to enter a new document in SAP Accounts Payable, entering "replacing cheque number XX" in the document header text field. When replacing a cheque that was issued in a previous fiscal year, departments must notify Government Accounting of the original cheque number and the document number entered for the new cheque, so that adjustments can be done to cover the replacement cheque. When replacing a cheque that was issued in the current fiscal year, no further action will be required beyond entering a new accounts payable document.

Accountability

Government Accounting is responsible for ongoing review of stale-dated cheques. Departments are responsible for providing instructions for cheque re-issuance when appropriate.

Monitoring

Government Accounting will monitor the policy.

Enquiries

Accounts Payable Processing, Government Accounting
Department of Finance
(902) 424-6626

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Manual release date: January 9, 2003
Most recent review:

Chapter 15: Purchase Orders and Commitments

15.1 Purchase Orders

Under development

15.2 Other Commitments

Under development

15.3 Discretionary Grants

Under development

Chapter 16: Pension Accounting

16 Pension Accounting

Policy Statement

It is the policy of the Province of Nova Scotia to report the pension expense and liability of the province in compliance with Public Sector Accounting Board (PSAB) standards.

Definitions

PENSION BENEFITS

Includes pension plans, funded or unfunded, and other post-retirement or early retirement benefit for which the Province of Nova Scotia has an obligation; includes obligations under ERIPs (Early Retirement Incentive Programs), retirement allowances, etc.

ACTUARIAL ESTIMATES

Actuarial assessment of the financial status of a pension plan; includes the valuation of the assets held by the fund and the calculation of the actuarial present value of benefits to be paid under the plan.

ACCOUNTING ASSUMPTIONS

Assumptions (for accounting purposes) made about future events that will affect pension costs and obligations; include such things as mortality, retirement, changes in compensation, interest on pension obligations, and investment earnings.

ACTUARIAL COST METHOD

The method used to determine the cost of providing pension plan benefits and to allocate that cost to specific time periods.

GOVERNMENT REPORTING ENTITY (GRE)

Comprised of the consolidated fund (through which all receipts and disbursements of public money flow) and other organizations that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the House of Assembly and are owned or controlled by government.

Policy Objectives

The objective of this policy is to define the measuring and reporting of the obligation for employee pension benefits and as a means by which to attribute the costs of those benefits to the periods in which the related services are rendered.

Application

This policy applies to all pension benefits to which the consolidated fund contributes in whole or in part, recognizing that some other members of the government reporting entity contribute to these same benefits. It does not apply to any pension benefits that are the complete responsibility of any other members of the government reporting entity.

Policy Directives

Pension obligations result from a promise by government to provide pensions to employees in return for their services. Since the future pension benefits accrue over the years employees render those services, the amount of pension obligation to attribute to each period of employee service must be determined.

It is necessary to develop actuarial estimates of pension liabilities and expenses using actuarial cost methods based on accounting assumptions. These methods and assumptions will be developed in a manner consistent with PSAB requirements and reassessed with each year's actuarial pension estimate.

The pension obligations of other members of the government reporting entity are included in the consolidated financial statements in the manner prescribed by PSAB.

Policy Guidelines

The trustees of the plans agree that an annual actuarial valuation be completed, although PSAB requires valuations to be completed only every three years, at a minimum.

Accountability

Government Accounting is responsible for ensuring that pension obligations and expenses are recorded in an appropriate manner and are accurately reflected in the Public Accounts of the Province.

The Pension Services Group will provide related advice, inform Government Accounting of relevant changes to the plans, and maintain contact with actuaries for the necessary pension valuations and estimates.

Monitoring

Government Accounting will monitor the policy's implementation, performance, and effectiveness.

References

- *CICA Public Sector Accounting Handbook*
- *Public Service Superannuation Act*
- 1998 Agreement between the Province and the NSGEU (contribution holiday)
- *Teachers' Pension Act*
- 1993 Agreement between the Province and the Nova Scotia Teachers Union
- Civil Service Master Agreement
- *Provincial Finance Act*
- *Members' Retiring Allowances Act*
- Other miscellaneous pension documents

The following references are located in Government Accounting and are updated independently of this policy (usually annually):

- actuarial valuation reports and opinions
- assumptions review and recommendation
- assessment of percentage of province's liability
- detailed calculations supporting year-end general ledger adjustments and account balances

Enquiries

Director, Government Accounting, Department of Finance (902) 424-7021

***Approval date:* July 5, 2001**
***Approved by:* Minister, Department of Finance**

***Manual release date:* January 9, 2003**
Most recent review:

Chapter 17: Environmental Liabilities

17 Environmental Liabilities

Under development.

Chapter 18: LTD Accounting

18 Long Term Disability (LTD)—Accounting

Policy Statement

It is the policy of the Province of Nova Scotia to report in its financial statements the province's expense and liability associated with the Nova Scotia Public Service Long Term Disability Plan (LTD Plan).

Definitions

LTD PLAN

Created by agreement between the province and the union; contributions are made by employees and employer into the fund; benefits for qualifying members are paid from the fund. There could arise either a fund shortfall or surplus for which the Province of Nova Scotia has an obligation.

ACTUARIAL ESTIMATES

Actuarial assessment of the financial status of the LTD Plan; includes the valuation of the assets held by the fund and the calculation of the actuarial present value of benefits to be paid under the plan.

ACCOUNTING ASSUMPTIONS

Assumptions (for accounting purposes) made about future events that will affect LTD costs and obligations; include such things as past/expected claims experience, mortality, retirement, changes in compensation, interest on LTD Plan obligations, and investment earnings.

ACTUARIAL COST METHOD

The method used to determine the cost of providing LTD plan benefits and to allocate that cost to specific time periods.

GOVERNMENT REPORTING ENTITY (GRE)

Comprised of the consolidated fund (through which all receipts and disbursements of public money flow) and other organizations that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the House of Assembly and are owned or controlled by government.

Policy Objectives

The objective of this policy is to define the measuring and reporting of the obligation for employee LTD benefits and as a means by which to attribute the costs of those benefits to the periods in which the related costs are incurred.

Application

This policy applies to all LTD Plan benefits to which the consolidated fund contributes in whole or in part, recognizing that some other members of the government reporting entity contribute to these same benefits. It does not apply to any disability benefits that are the complete responsibility of any other members of the government reporting entity.

Policy Directives

LTD Plan obligations result from a promise by government to provide long-term disability benefits to qualifying employees as part of their compensation package. LTD benefits are triggered by the qualification of a member under the terms of the plan. The amount of LTD Plan obligation to attribute to each period must be determined on this basis.

It is necessary to develop actuarial estimates of LTD Plan liabilities and expenses using actuarial cost methods based on accounting assumptions. These methods and assumptions are developed in a manner consistent with PSAB requirements and reassessed with each actuarial estimate.

The disability benefits obligations of other members of the government reporting entity are included in the consolidated financial statements in the manner prescribed by PSAB.

Policy Guidelines

The trustees of the plans ensure that an actuarial valuation is completed periodically, currently every five years.

Accountability

Government Accounting is responsible for ensuring that LTD Plan obligations and expenses are recorded in an appropriate manner and accurately reflected in the Public Accounts of the province.

The plan's administrative group will provide related advice, inform Government Accounting of relevant changes to the plan, and maintain contact with actuaries for the necessary plan valuations and estimates.

Monitoring

Government Accounting will monitor the policy's implementation, performance, and effectiveness.

References

- *CICA Public Sector Accounting Handbook*
- *Public Service Superannuation Act*
- May 1985 Agreement and Trust Declaration
- OIC 85-1054 re: creation of Long Term Disability Trust Fund
- Civil Service Master Agreement

The following references are located in Government Accounting and are updated independently of this policy (usually annually):

- actuarial valuation reports and opinions
- assumptions review and recommendation
- assessment of percentage of province's liability
- detailed calculations supporting year-end general ledger adjustments and account balances

Enquiries

Director, Government Accounting, Department of Finance (902) 424-7021

***Approval date:* July 5, 2001**	***Manual release date:***
***Approved by:* Minister, Department of Finance**	***Most recent review:***

Chapter 19: Foreign Currency Translation

19 Foreign Currency Translation

Policy Statement

It is the policy of the Province of Nova Scotia to report the accounts of the province in Canadian dollars. The effects of transactions, expenses, assets, and liabilities that are denominated in foreign currencies are translated to Canadian dollars.

Policy Objectives

The objective of this policy is to express foreign currency transactions in a manner that is consistent with domestic transactions (Canadian dollar basis).

The policy will conform to generally accepted accounting principles (GAAP) for foreign currency translations.

This policy supports the following corporate objectives:

- consistency of currency used
- flexibility to incur foreign currency transactions
- fiscal responsibility
- accountability
- compliance with GAAP/PSAB
- need to manage foreign currency transactions
- enhanced measurement of cost of foreign transactions
- improved information to support long-term planning

Application

This policy applies to all transactions throughout the departments and public service votes, but primarily to the Treasury Services Group at the Department of Finance.

All other public sector entities related to the Province of Nova Scotia are encouraged to adopt a GAAP-compliant foreign currency translation policy and apply it as soon as is practical.

It is recognized that many entities may already have an appropriate policy in place.

All areas/entities to which this policy is applicable are responsible for implementation and operation of an internal control system that ensures that foreign currency transactions are accounted for in accordance with this policy.

Policy Directives

INCLUSIONS

The policy applies to the following:

- debt denominated in a foreign currency
- sinking fund assets and earnings held in same currency as the related debt
- sinking funds assets and earnings held in Canadian dollars for debt of foreign currencies
- foreign currency denominated fund assets and earnings of the Public Debt Retirement Fund (PDRF)

EXCLUSIONS

The following transactions are excluded:

- foreign currency effects of swaps.

ACCOUNTING

Debt

Foreign currency debt is originally converted to Canadian dollars at the currency translation rate in effect on the date of issue, the historical rate.

The balance of foreign currency debt is translated to Canadian dollars at year-end using the rate in effect as at the balance sheet date. The gain/loss caused by the change in the current rate is deferred and amortized over the remaining life of the debt on a straight-line basis.

Where a swap is attached to the debt, the final foreign currency translation gains/losses are essentially fixed at the swap rate. At each year-end, the swap rate, not the current rate, is the conversion factor used to translate the foreign debt into Canadian dollars. Any gains/losses are amortized over the remaining life or until settlement of the debt.

Sinking Funds Held in Foreign Currency

Foreign currency sinking funds are established to provide funds for foreign currency—denominated debt retirement/settlement.

Instalments to sinking funds are recorded in Canadian dollars, translated at the currency translation rate in effect on the date of payment.

The foreign currency value of all sinking fund instalments and withdrawals are translated to Canadian dollars at the current rate at each year-end date. Sinking fund earnings are earned throughout the year and therefore are translated to Canadian dollars using an average rate for the year. The gain/loss caused by changes in the current rate is deferred and amortized over the remaining life of the sinking fund investments on a straight-line basis.

Sinking fund income is recorded at the currency translation rate in effect when earnings are allocated.

Sinking Funds Held in Canadian Dollars for Foreign Currency Debt
Since the transactions for these sinking funds are already recorded in Canadian dollars, no translation is required. No exchange gains/losses are generated by these funds.

Amortization of foreign exchange ceases when the monetary item is settled. Any unamortized amounts would be recognized into net income immediately.

In the case of replacement debt, any unamortized foreign exchange gains/losses are not fully recognized into net income immediately but continue to be amortized over the remaining life of the replacement debt.

Policy Guidelines

Debt management decisions will have significant impact on future operations in the form of amortization charges. Treasury Services considers the impact that any refinancing or changes to existing debt structures may have on annual amortization costs. Given that future foreign currency translation rates are not easily predicted or controllable, amortization charges represent a non-discretionary cost once debt decisions are made. Amortization charges for foreign exchange gains and losses extend to future years.

Budgeting should reflect the multi-year nature of foreign currency translation amortization charges.

Accountability

TREASURY SERVICES, DEPARTMENT OF FINANCE

Treasury Services is responsible to

- account for foreign currency transactions and monetary items in accordance with this policy
- monitor policy and recommend changes to the policy as necessary
- maintain detailed information on all deferred foreign currency gains/losses
- record amortization of foreign currency gains/losses
- report foreign currency—denominated monetary items and transactions appropriately on the financial statements of the province

- recognize the impact of debt-management decisions on the operating budget (i.e., amortization charges)
- determine the most appropriate sources and terms of financing
- ensure that proper control of foreign currency monetary items is maintained

GOVERNMENT ACCOUNTING, DEPARTMENT OF FINANCE

Government Accounting is responsible to

- coordinate the annual audit with Treasury Services and the auditors
- update this policy in consultation with Treasury Services

Monitoring

Treasury Services and Government Accounting of the Department of Finance are responsible for monitoring the application and audit of this policy. They are also responsible for ensuring compliance with and timely implementation of this policy.

This policy is subject to audit by internal audit and audit by the province's auditor, the Office of the Auditor General. These auditors are encouraged to coordinate their work effort to avoid duplication.

References

Canadian Institute of Chartered Accountants (CICA)
Public Sector Accounting Board (PSAB)

Transitional Provisions

This policy will be implemented as at March 31, 1999. Unamortized foreign exchange gains/losses and foreign currency monetary items currently owned will be restated accordingly.

Appendices

Appendix 19-A	Definitions
Appendix 19-B	CICA Handbook References

Note: These appendices are an integral part of this policy.

Enquiries

Treasury Services, Department of Finance (902) 424-6061
Government Accounting, Department of Finance (902) 424-7021

Approval date:* *July 5, 2001
Approved by:* *Minister, Department of Finance

Manual release date:* *January 9, 2003
Most recent review:

Appendix 19-A

Definitions for Province of Nova Scotia

AMORTIZATION
The process of allocating costs over the estimated or known life of the monetary item to match costs with the revenues or public services that they help generate. The method of amortization used should best match the costs of the associated revenues or expenses.

FOREIGN CURRENCY TRANSACTIONS
Transactions denominated in a currency other than Canadian dollars.

FOREIGN CURRENCY GAINS AND LOSSES
Result when a foreign currency—denominated monetary item is settled or translated at an exchange rate different from that at which it was previously recorded or carried. The exchange gain or loss would be included in net income except when the monetary item has a fixed or ascertainable life extending beyond the end of the following fiscal year, in which case the exchange gain or loss would be deferred and amortized over the remaining life of the related monetary item.

HEDGES
Used to protect against possible loss due to a change in exchange rates between the Canadian dollar and the foreign exchange currency. A hedge could be a foreign currency exchange contract or monetary item of the specified foreign currency. The province uses some foreign currency sinking funds to offset exchange risk for debt of the same currency.

HISTORICAL RATE
The foreign currency exchange rate in effect at the date of issue of the debt. It becomes the basis for any future gains and losses as the exchange rates fluctuate.

MONETARY ITEMS
Money and claims to money, the value of which, in terms of the monetary unit, whether foreign or domestic, is fixed by contract or otherwise.

REPLACEMENT DEBT

Issued to replace original debt that has been paid out. The terms are essentially the same, such that it is really a continuation of the original debt. The currency denomination and creditors are the same. The present value of future cash flows is substantially the same, not more than 10 per cent difference from the original expected cash flows.

Appendix 19-B

CICA Handbook References

TRANSLATION

HB1650.16

At each balance sheet date, monetary items denominated in a foreign currency should be adjusted to reflect the exchange rate in effect at the balance sheet date.

DEFERRAL AND AMORTIZATION

HB1650.23

Exchange gains and losses of the reporting enterprise relating to the translation of foreign currency—denominated monetary items that have a fixed or ascertainable life extending beyond the end of the following fiscal year should be deferred and amortized on a systematic and rational basis over the remaining life of the monetary item. Disclosure should be made of the method of amortization used.

AMORTIZATION PERIOD

HB1650.26

The life of a long-term foreign currency—denominated monetary item can change because of settlement prior to the maturity date. In the event of such settlement, the actual cost of the foreign currency risk will be known, and, accordingly, any unamortized exchange gain or loss will be credited or charged to net income at the date of settlement.

HB1650.27

There may be situations when a renegotiation of the terms and conditions of a long-term foreign currency—denominated monetary item may not constitute a settlement as contemplated in paragraph 1650.26. In such circumstances, any unamortized balance of exchange gains and losses at the date of renegotiation would be amortized over the life of the renegotiated monetary item. Any gains or losses arising from changes in exchange rates occurring subsequent to the date of renegotiation relate to the renegotiated monetary item and would also be amortized over its remaining life, in accordance with paragraph 1650.23.

HEDGES

HB1650.50

If a foreign currency exchange contract, asset, liability, or future revenue stream is to be regarded as a hedge of a specific foreign currency exposure, (a) it should be identified as a hedge of the item(s) to which it relates; and (b) there should be reasonable assurance that it is and will continue to be effective as a hedge.

HB1650.54

If a foreign currency—denominated monetary item is covered by (a) a hedge that is itself a foreign currency—denominated monetary item, any exchange gain or loss on the hedge should be offset against the corresponding exchange gain or loss on the hedged item; (b) a hedge that is a non-monetary item, any exchange gain or loss on the foreign currency—denominated monetary item should be deferred until the settlement date of that monetary item.

USES OF AVERAGES OR OTHER METHODS OF APPROXIMATION

HB1650.61

Literal application of the recommendations in this section might require a degree of detail in record keeping and computations that would be burdensome as well as unnecessary to produce reasonable approximations of the results. Accordingly, it is acceptable to use averages or other methods of approximation. For example, translation of the numerous revenues, expenses, gains, and losses at the exchange rates at the dates such items are recognized is generally impractical and an appropriately weighted average exchange rate for the period would normally be used to translate such items.

Chapter 20: Federal Transfers—Recognition

20 Federal Transfers–Recognition

Under development

Chapter 21: Banking

21.1 Opening and Maintaining a Bank Account

Under development

21.2 Opening and Maintaining a Trust Bank Account

Under development

21.3 Large Cash Deposits and Withdrawals

Under development

Chapter 22: Loans

22.1 Granting and Recording Loans

Under development

22.2 Loan Guarantees

Under development

Chapter 23: Financial Statement Process

23 Financial Statement Process

Policy Statement

The Province of Nova Scotia prepares its financial statements annually as at March 31. There is a legislative requirement to table this document in the House of Assembly by December 31 of the year in which the fiscal year ends.

Policy Objectives

The process of preparing the financial statements is complex. Documentation of this process provides a framework for workflow planning and gives information to other interested parties.

Application

The process is directly applicable to Government Accounting and requires input from all departments and members of the government reporting entity.

Policy Directives

http://iweb.gov.ns.ca/fina/acctserv/documents/financialStatementsProcess.doc

Policy Guidelines

Milestone dates are noted on the flowchart but may have to be adjusted depending on the particular circumstances at each year-end. The Controller and Deputy Minister of Finance should be informed of any expected milestone delays and the cause of each delay.

Accountability

Departments are responsible to ensure that prepaid expenses are properly reflected in their accounts.

Monitoring

The process documentation is subject to review by Government Accounting. Government Accounting will monitor the policy's implementation, performance, and effectiveness.

Reference

Department of Finance Process Book for Preparation of Financial Statements (iweb.gov.ns.ca/fina/mis/financialstmts/fin1.htm)

Enquiries

Director, Government Accounting, Department of Finance (902) 424-7021

Approval date: ***July 5, 2001***
Approved by: ***Minister, Department of Finance***

Manual release date: ***January 9, 2003***
Most recent review:

Chapter 24: Gifts to the Crown

24 Issue of Income Tax Receipts for Gifts to Crown

Introduction

From time to time, cash or other donations or gifts are given to the province or one of its trust funds or foundations. The donor usually requests a receipt that can be used for income tax purposes.

Definition

GIFT TO THE CROWN

A donation or gift to the Crown or to Her Majesty the Queen in right of the province means a donation or gift of cash or gift in kind of real or personal property that is completely voluntary and gratuitous and for which no right, privilege, material benefit, or advantage may accrue to the donor or to a person designated by him/her. Subject to any enactment providing otherwise, all gifts or donations to a foundation, agency, corporation, department, or minister on behalf of the province, museum, archives, trust fund, or hospital that is a part of or owned by the Province of Nova Scotia will be deemed a gift.

Acceptance of a Gift

The minister or equivalent of the receiving body will confirm in writing whether the gift is of use or acceptable to the province. However, in the case of gifts or donations made by will or gifts other than cash that carry an appraised market value in excess of $1,000, the approval of the Minister of Finance will be required prior to the gift being accepted.

Appraisal and Upkeep of a Gift

The province will not expend any monies on upkeep, maintenance, or other costs for gifts made by will unless monies are provided in the gift or in the annual governmental budget. All gifts of a non-cash nature will be appraised by an independent, duly qualified appraiser who will determine the fair market value of the gift on or about the date of the donation to the province. If the gift is accepted by the province, the costs of appraisers and maintenance of the gift may be paid by the donor and included in the official receipt or paid out of monies provided annually in the budgets of the responsible department. If the Minister of Finance deems it necessary, costs of appraisal for gifts not accepted may be paid out of said monies.

Issue of Receipts

Pre-numbered official receipts for income tax purposes will be issued by the Minister of Finance or his/her designate, provided the following conditions are observed:

- the donor requests a receipt
- the gift has been received and written acceptance has been provided by the province
- the issue of the receipt has been requested in writing by the minister or equivalent responsible in the receiving department or organization; this request to the Minister of Finance should outline all the details of the gift and recommended acceptance
- requests for receipts from the Minister of Finance are addressed to the Director, Fiscal Policy Division, Department of Finance

NOTE: Canada Customs and Revenue Agency is the final arbiter in the allowance of claims for income tax purposes.

Receipt for Gifts to the Crown

The receipt should contain the following information:

- serial number
- name and address of the Minister of Finance
- name and address of the person from whom the gift has been received
- amount of donation or description of the gift (in the case of a gift other than cash, the appraised fair market value and name and address of the appraiser)
- name of the department, foundation, trust, or entity to whom the gift has been made
- date the gift was made
- date and place where the receipt was issued
- title of the person signing the receipt (if other than the Minister of Finance)
- statement that it is an official receipt for income tax purpose

Enquiries

Fiscal Policy Division, Department of Finance (902) 424-4160

Appendix

Appendix 24-A Sample of Receipt form

Approval date: September 1, 1985

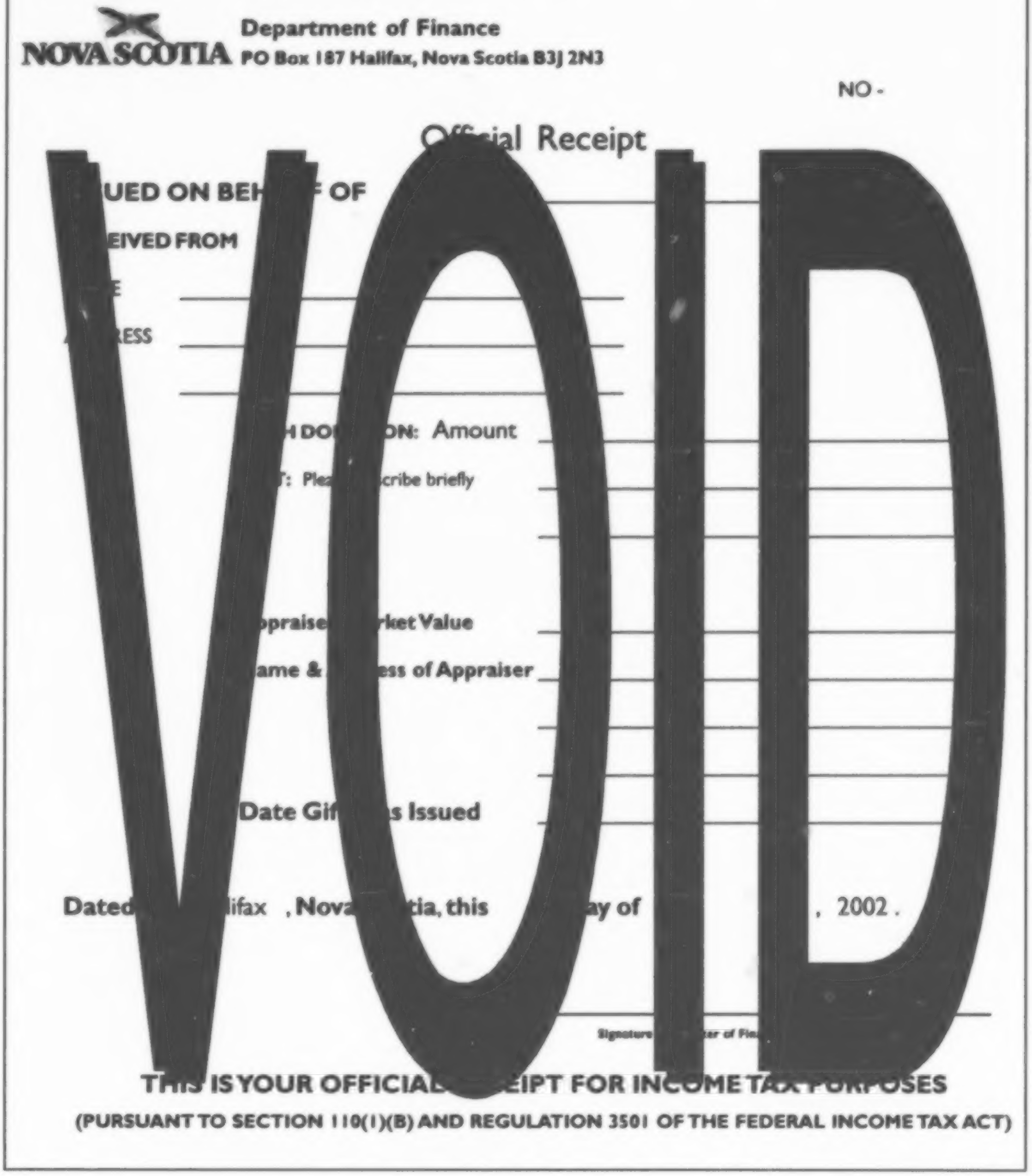
Approved by: Minister, Department of Finance

Manual release date: January 9, 2003

Most recent review: August 29, 2000

Appendix 24-A

Sample of Receipt Form



NOVA SCOTIA **Department of Finance**
PO Box 187 Halifax, Nova Scotia B3J 2N3

NO -

Official Receipt

VOID

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Date Gif s Issued ______

Dated lifax , Nov tia, this ay of , 2002 .

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Signature ter of Fi

TH IS YOUR OFFICIAL EIPT FOR INCOME TA OSES

(PURSUANT TO SECTION 110(1)(B) AND REGULATION 3501 OF THE FEDERAL INCOME TAX ACT)